

tion of service connection for active pulmonary tuberculosis and certain other chronic diseases; to the Committee on Veterans' Affairs.

By Mr. CELLER:

H. R. 2393. A bill to amend title 28 of the United States Code to authorize the Chief Justice of the United States to assign circuit judges to sit upon the Supreme Court in place of any justice who is unable to serve; to the Committee on the Judiciary.

H. R. 2394. A bill to amend the act of April 29, 1941, to authorize the waiving of the requirement of performance and payment bonds in connection with certain Coast Guard contracts; to the Committee on the Judiciary.

H. R. 2395. A bill to amend title 18 of the United States Code, entitled "Crimes and Criminal Procedure," to provide basic authority for certain activities of the United States Secret Service, and for other purposes; to the Committee on the Judiciary.

H. R. 2396. A bill to amend chapter 213 of title 18 of the United States Code; to the Committee on the Judiciary.

By Mr. FERNANDEZ:

H. R. 2397. A bill authorizing an appropriation for emergency repairs to and protection of the Canadian River siphon, Vermejo reclamation project, New Mexico; to the Committee on Interior and Insular Affairs.

H. R. 2398. A bill to amend Public Law 848, Eighty-first Congress, second session; to the Committee on Interior and Insular Affairs.

By Mr. LESINSKI:

H. R. 2399. A bill to provide that the hours of work (exclusive of overtime) in any one calendar day of officers and employees subject to section 604 (a) of the Federal Employees Pay Act of 1945 shall be limited to a period of not more than 10 consecutive hours; to the Committee on Post Office and Civil Service.

H. R. 2400. A bill to amend the Classification Act of 1949 to place the position of charwoman working part time in the appropriate grades of the crafts, protective, and custodial schedule; to the Committee on Post Office and Civil Service.

By Mr. WALTER:

H. R. 2401. A bill to increase criminal penalties under the Sherman Antitrust Act; to the Committee on the Judiciary.

By Mr. LARCADE:

H. R. 2402. A bill to provide that certain persons who served in the merchant marine shall not be liable for induction into the armed services under the Selective Service Act of 1948; to the Committee on Armed Services.

By Mr. HORAN:

H. J. Res. 152. Joint resolution relating to Father's Day; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. J. Res. 153. Joint resolution granting the consent of Congress to joinder of the United States in suits in the United States Supreme Court for adjudication of claims to waters of the Colorado River system available for use in the lower Colorado River Basin; to the Committee on the Judiciary.

By Mr. BECKWORTH:

H. Res. 116. Resolution to direct the Committee on Interstate and Foreign Commerce to investigate actual and contemplated action affecting production or consumption of newsprint, or affecting certain other matters; to the Committee on Rules.

By Mr. FURCOLO:

H. Res. 117. Resolution creating a select committee to conduct an investigation and study of the United States educational system in the light of world conditions; to the Committee on Rules.

By Mr. RICHARDS:

H. Res. 118. Resolution providing for expenses of conducting studies and investiga-

tions authorized by House Resolution 28; to the Committee on House Administration.

By Mr. ROGERS of Florida:

H. Res. 119. Resolution to amend the rules of the House to require the yeas and nays in the case of final action on appropriation bills; to the Committee on Rules.

By Mr. SHEPPARD:

H. Res. 120. Resolution to increase compensation to certain employees under the jurisdiction of the Doorkeeper; to the Committee on House Administration.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Indiana, proposing an amendment to the Constitution of the United States relating to the terms of office of the President; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of Montana, relative to ratifying proposed amendment to the Constitution of the United States relating to the terms of office of the President of the United States; to the Committee on the Judiciary.

Also, memorial of the Legislature of the State of New Mexico, relative to opposing the drafting of 18-year-old youths; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLEN of California:

H. R. 2403. A bill for the relief of Leda Tait; to the Committee on the Judiciary.

H. R. 2404. A bill for the relief of Mark Yoke Lun and Mark Seep Ming; to the Committee on the Judiciary.

By Mr. DENTON:

H. R. 2405. A bill for the relief of Food Service of Evansville, Inc.; to the Committee on the Judiciary.

By Mr. EVINS:

H. R. 2406. A bill for the relief of B. H. Manley; to the Committee on the Judiciary.

H. R. 2407. A bill for the relief of the Wilson County Fair, Inc.; to the Committee on the Judiciary.

By Mr. JACKSON of California:

H. R. 2408. A bill for the relief of Mrs. Margit Helena Falk Raboff; to the Committee on the Judiciary.

H. R. 2409. A bill for the relief of Mrs. Toshi Ishibashi; to the Committee on the Judiciary.

By Mr. KEOGH:

H. R. 2410. A bill for the relief of John DelGatto; to the Committee on the Judiciary.

By Mr. RODINO:

H. R. 2411. A bill for the relief of Pierino Francesco Berta; to the Committee on the Judiciary.

By Mrs. ROGERS of Massachusetts:

H. R. 2412. A bill to grant increased retired pay to Maj. Gen. Wilson B. Burt, United States Army, retired; to the Committee on Armed Services.

By Mr. SMITH of Virginia:

H. R. 2413. A bill for the relief of the Kloman Instrument Co., Inc.; to the Committee on the Judiciary.

By Mr. SMITH of Virginia (by request):

H. R. 2414. A bill for the relief of Arthur C. Thompson; to the Committee on the Judiciary.

H. R. 2415. A bill for the relief of Maurice Mumford; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

37. The SPEAKER presented a petition of W. Dudley Gunn, secretary-treasurer, Gulf States Marine Fisheries Commission, New Orleans, La., favoring quotas being placed on shrimp importations from all foreign countries, which was referred to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 6, 1951

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou who art the guiding wisdom in the life of men and of nations, we pray that we may be endowed daily with understanding and insight to discern and interpret rightly the eternal will of God.

May the assurance of Thy continuing grace and favor inspire us to search diligently and faithfully for the right solution to all our national and international problems.

Give us a more vivid sense of our social responsibility. May we be loyal partners with men everywhere in the difficult task of establishing the kingdom of brotherhood upon the earth.

Encourage us to carry on heroically and hopefully in the glorious adventure of bringing in the day of peace and good will.

Hear us in the name of the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its Chief Clerk, announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 82. An act to provide reimbursement of expenses incurred in connection with the burial of those who served in the military forces of the Commonwealth of the Philippines while such forces were in the Armed Forces of the United States pursuant to the military order of the President of the United States, dated July 26, 1941;

S. 101. An act to amend the Reorganization Act of 1949; and

S. 658. An act to further amend the Communications Act of 1934.

ECONOMIC COOPERATION ADMINISTRATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 52)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on

Foreign Affairs and ordered to be printed with illustrations:

To the Congress of the United States of America:

I am transmitting herewith the tenth report of the Economic Cooperation Administration created by the Foreign Assistance Act of 1948 (Public Law 472, 80th Cong.), approved April 3, 1948.

The report covers activities under the Economic Cooperation Act of 1948 (title I of Public Law 472) as amended, as well as the programs of economic aid to China and the general area of China under the China Area Aid Act (title II of Public Law 535, 81st Cong.), and to the Republic of Korea under the provisions of the Foreign Aid Appropriation Act of 1949 (Public Law 793, 80th Cong.) and Public Laws 430, 447, and 535, Eighty-first Congress.

There is included in the appendix a summary of the status of the United States foreign relief program (Public Law 84, 80th Cong.) and the United States foreign aid program (Public Law 389, 80th Cong.).

This report covers the quarter ended September 30, 1950.

HARRY S. TRUMAN.

THE WHITE HOUSE, February 6, 1951.

HOUR OF MEETING TOMORROW

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

AUTOMATIC EXTENSION OF SERIES E SAVINGS BONDS

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2268) to authorize the payment of interest on series E savings bonds retained after maturity, and for other purposes; and pending that motion, Mr. Speaker; I ask unanimous consent that general debate continue for not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from New York [Mr. REED] and myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 2268, with Mr. ENGLE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. DOUGHTON. Mr. Chairman, I yield myself 15 minutes.

Mr. DOUGHTON. Mr. Chairman, the pending bill, H. R. 2268, would authorize the Secretary of the Treasury, with the approval of the President, to allow owners of series E savings bonds the option of retaining such bonds after the maturity date and earning interest

upon the maturity values for not more than 10 years. As explained by the Secretary of the Treasury, any bond which is not turned in for cash or for reinvestment at its original maturity date will automatically be extended until such time as the owner presents it for redemption. The extended bond would bear interest on the original maturity value at the rate of 2½ percent for the first 7½ years and interest thereafter at a rate sufficient to amount to an overall return for the 10-year extension period of 2.9 percent, compounded semi-annually.

There are now nearly \$35,000,000,000 of E bonds outstanding. Starting in May of this year the series E bonds bought during the war years will begin to mature, and \$1,100,000,000 worth will mature in 1951 alone.

Since many people now holding series E bonds doubtless will want to continue their investment in United States savings bonds of some kind, the enactment of the pending bill would enable them to do this without the inconvenience to them and the expense to the Government of exchanging their present bonds for new bonds.

It must be emphasized that nothing in the pending bill would interfere with the right of the bondholder to present his series E savings bond for cash either at maturity or at any time after the date of original maturity.

In his statement before the Committee on Ways and Means yesterday on the tax program of the administration, Secretary Snyder emphasized the following:

Taxes and savings must go hand in hand. Although much depends upon a strong tax program, taxes cannot do the job alone. Every effort must be made to preserve confidence in the future purchasing power of savings in order to discourage the spending of accumulated savings and to stimulate new savings.

The enactment of legislation to make it possible and convenient for bondholders to retain their present investment in series E savings bonds would be in accord with this announced policy.

An essential feature of the bill prescribes the rule for tax treatment of interest on series E savings bonds held after maturity. Under the provisions of section 2 of the bill such bondholders may elect to treat such interest as income as it accrues rather than report it as income in the year of redemption or final maturity. This option is similar in terms with that now accorded under existing law with respect to interest accrued on such bonds prior to the date of maturity.

Mr. Chairman, the bill was reported unanimously by the Committee on Ways and Means and should be promptly enacted.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I will be glad to yield to the distinguished gentleman from Michigan.

Mr. CRAWFORD. May I ask the chairman of the Committee on Ways and Means this question? These series E bonds mature, as I understand, carrying an interest rate of about 2.9 percent.

Mr. DOUGHTON. When held to maturity, yes.

Mr. CRAWFORD. Now, suppose I take a series E bond that is now matured and proceed under the provisions of this bill to carry it, say, another 10 years, but I wish to cash that series E bond in, say, a year from now. At the time I cash it in, do I draw 2.9 percent.

Mr. DOUGHTON. Yes. As I understand, the rate would be 2.5 percent for the first 7½ years, then the rate for the next 2½ years would be sufficient to amount to 2.9 percent compounded semi-annually for the entire 10-year extension.

Mr. CRAWFORD. If I hold the bond from date of issue, we will say 10 years ago, up to date, to where it brings me 2.9 percent, how can the Treasury justify in asking me to continue at a less rate than 2.9 percent?

Mr. DOUGHTON. They do not ask you to. It is your own option. You can cash the bond any time you desire. That is your choice.

Mr. CRAWFORD. From a sheer standpoint of equity and ordinary common sense, there is a question in my mind. Why does not the Treasury, in order to induce me to continue with the obligation, allow me 2.9 percent from here on? I have carried it during the 10-year period up to this point. I am not criticizing; I am just analyzing it. I think it is just good business to do it.

Mr. DOUGHTON. I do not know what reason the Treasury had for that. But as I understand, if you purchase a series E bond, you get a much lower rate of interest than that if you cash it during the first few years.

Mr. CRAWFORD. I think that is good, common sense at the beginning, but here I have carried a bond for 10 years. I have gone through the low-interest period and up to which I am now earning 2.9, and I voluntarily say to the Government, "Now, I would like to carry it another 10 years. Will you give me 2.9 from now on?" I think at that point it is good ordinary horse sense for the Government to say, "Sure, we will give you 2.9 from now on, because you have gone along with us through the years."

Mr. DOUGHTON. Well, probably it is to the interest of the Government. I do not know the reason the Secretary of the Treasury recommended that; but he lives with that question the year around. I am confident that, if he believes they should pay a higher rate of interest for the later years of the extension period, that is the proper procedure.

Mr. CRAWFORD. Well, I agree with that, and that is the reason I asked the question.

Mr. DOUGHTON. Well, it is the same principle, that is applied to new series E bonds. On the series E bonds you do not get any interest at all for the first year. You pay \$75 for a \$100 maturity-value bond. If you cash it before the end of the year, why you just get \$75, but after that you receive a progressively higher rate of interest.

Under this bill, if a series E bond is returned after maturity, and you cash it at the end of 7½ years, the rate of interest on the original maturity value is 2.5

percent, but if you hold it for the full 10 years then you get 2.9 percent compounded semiannually. So it is the policy of the Government that the longer you hold the bond under the terms of the contract, the more interest you are paid.

Mr. CRAWFORD. The Treasury is letting the commercial banks outsmart them in this way. I can go to a commercial bank and say, "Here, I will let you have my money on a deposit certificate for 5 years," and I get 2½ percent. I have some of those papers.

Mr. DOUGHTON. I compliment the gentleman. He has the advantage of most of us.

Mr. CRAWFORD. I can step forward and extend that another 5 years, but if I do not hold it 5 years I do not get my 2½ percent.

Mr. DOUGHTON. The principle of this bill is to pay 2½ percent for the first 7½ years of the extension and an over-all 10-year rate of 2.9 percent compounded semiannually.

Mr. CRAWFORD. If I extend it from 5 years onward, I get my 2.5 percent from the date of the extension. I think the Treasury is making a mistake in not allowing 2.9 percent from the maturity date on.

Mr. DOUGHTON. The gentleman can offer such an amendment if he thinks it proper.

We had hearings. The Secretary of the Treasury appeared before our committee and explained the bill in full. Our committee was impressed with the proposal of the Secretary of the Treasury, and we reported the bill unanimously. It was hoped that it would receive the same consideration by the House that it received by our committee.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Pennsylvania.

Mr. FULTON. Can the gentleman tell us what the difference in cost to the Treasury will be as between the method of the committee and the method proposed by the gentleman from Michigan [Mr. CRAWFORD], the 2.9 percent interest annually, just extended?

Mr. DOUGHTON. There would be a slight difference in the interest paid, since not all bondholders would retain these bonds for the full 10 years. There would be a slight disadvantage to the Treasury. The bondholders would get a little more in the early years of the extension period and the Treasury would pay somewhat more.

Mr. CRAWFORD. If the gentleman will yield, the Treasury faces this situation. If I cash my bond and go buy a new bond, the Treasury has to pay the expense of engraving, and then some bank out here in the country that issues thousands of these bonds in the service of the Treasury to payrollees and others will get a fee, for there is a fee paid to the banks for writing those bonds. We turn them out by the thousands because so many are cashed every day. Four-tenths of 1 percent is involved, the difference between 2.5 and 2.9. Four-tenths of 1 percent is so small when it comes to the actual cost of financing that I think it is just chicken feed so far as the cost of financing is concerned.

But if it induces 30,000,000 holders of savings bonds E, for instance, to continue with the Treasury, you have a free flow of finance running, you have no issuance of new bonds, you have no writing of new bonds, no fee paid on the issuance of new bonds, and so on down the line.

I would love very much to see the chairman of the committee take the position that you will be paid 2.9 percent if you will continue with the Treasury. I think you will save us money in the long run.

Mr. FULTON. I believe the gentleman's method is cheaper, but is there any estimate as to the difference in the cost?

Mr. DOUGHTON. The holder of the bond can at any time cash his bond. If it is to his interest to cash it before the end of 7½ years, or to hold it for 10 years, he can do either. The Government has to do whichever he says. The Government does not have any option about that. If he presents it the next day after maturity, the Government must pay.

Mr. COMBS. Mr. Chairman, will the gentleman yield for an observation?

Mr. DOUGHTON. I yield to the distinguished gentleman from Texas, a member of the committee.

Mr. COMBS. The Secretary of the Treasury in his testimony yesterday stated that any increase in bond interest made with respect to one issue would extend in the natural course and operation of things to the entire bonded debt of the United States, and that an increase of even one-half of 1 percent, to go to the question raised by the gentleman from Pennsylvania, in interest rates will increase the burden to the American taxpayers \$1,250,000,000 a year. The pending bill does create a premium, in answer to what the gentleman from Michigan says, of about \$33 per thousand over a period of 10 years as an inducement to the present E-bond holders to continue holding their bonds. Now, if you made it 2.9 percent for the full 10-year period, as has been suggested, you would enormously increase the total cost to the American taxpayer—I do not have the time to figure it out now. The \$33 premium is believed by the Secretary of the Treasury, as I understood him yesterday, to be a sufficient inducement to cause present holders of these bonds to hold them in preference to selling them and buying new issues. I think that is the whole question which we have to watch as we finance the enormous debt of this Nation against increased interest rates because the debt is so large, a slight increase means an enormous increase in taxes which we will be called upon to vote for in order to pay that increased debt.

Mr. DOUGHTON. These bonds will begin to mature in May of this year. In 1951 I understand they will mature to the amount of \$1,100,000,000, and this bill gives the bondholders an opportunity, at their election, to keep their investment with the Government. It just automatically takes care of the situation without the necessity of cashing his bond and going to the trouble of purchasing a new bond. This saves the Treasury

and the Government the expense of issuing bonds. It seems to me that it is a practical proposition.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. CRAWFORD. I would agree with my friend the gentleman from Texas, a member of the committee, and the Treasury—if he has quoted the Treasury correctly—if those remarks were related only to marketable issues. The series E bonds, the savings bonds, are not marketable issues. I cannot put them in the market and sell them; I must take them to the Treasury. I cannot sell the series E bonds in market. It is not a marketable issue. Therefore the Treasury can raise the interest on that without disturbing the market in marketable issues. There is no question about that in the field of finance. If they raise the interest rate on one marketable issue, it does disturb the market price on other marketable issues. I think the gentleman from Texas has probably overlooked that particular point.

In yesterday's RECORD in my presentation I showed the maturities for the years 1952, 1953, 1954, and 1955 on page 1004 of the RECORD. These maturities run from \$3,800,000,000, \$5,300,000,000, \$5,900,000,000, \$4,700,000,000; then in 1956, 1957, 1958, and 1959, they run from \$2,400,000,000 to \$2,800,000,000 per annum. This is no little job the Treasury has in financing in replacing these series E bonds and other savings bonds. I think they ought to put the 2.9 rate on those bonds and facilitate their financing.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. REED of New York. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, this bill H. R. 2268 has been very thoroughly explained on the floor already. There are a few points that I wish to make.

There are approximately \$35,000,000,000 of E bonds outstanding, as the chairman has stated, and \$1,100,000,000 will mature in 1951. There is one point that interests me very much. If they were to go to the banks to take up those bonds that are maturing, you will probably multiply the money in circulation by about 10 to 1. I cannot imagine anything that would be more inflationary than that, to multiply this \$1,100,000,000 by 10. You would have about \$11,000,000,000 added to your circulation. So, I think it is well for us to seriously consider the merits of this bill.

Beginning in May of this year the series E bonds bought during the war years will start to mature. During 1951 maturities will mount to \$1,100,000,000. The purpose of H. R. 2268 is to authorize the Secretary of the Treasury to give the holders of E bonds an opportunity to retain their bonds after the date of maturity with an automatic interest-bearing extension. It is believed that a substantial number of persons holding E bonds will desire to continue their investment in these E bonds and the enactment of this legislation will make it

possible for them to do so after the date of maturity of their bonds.

I want to point out that there is no obligation imposed by this bill on the holder of an E bond to retain his E bond after it matures. This legislation simply gives the holder an election to continue to hold the bond. The Secretary of the Treasury appeared before the Ways and Means Committee in executive session and outlined the Treasury proposal for handling these maturing series E bonds. Under the Treasury plan the bondholder would be given three choices, as follows:

First. Accepting cash, according to the original terms of the contract;

Second. Continuing to hold the present bond and earn interest on the maturity value without any action on his part; or

Third. Exchanging his bond for a current income savings bond of series G in authorized denominations.

Under option 1 the owner of any series E bond may receive, if he wishes, full cash payment for his bond at maturity. This is, as stated, in accordance with the original terms of his contract. The Treasury proposals with respect to maturing bonds would not abrogate in any way this right of the investor. Nor would the bondholder's choice of options 2 or 3 preclude the subsequent cashing of his bond.

There is no question that the savings bond program has played an important part in encouraging savings and to a considerable degree helped in curtailing inflation. The same basic reasons for the initiation of the savings bond program exists today and the money saved in today's emergency period will help to achieve a stable economy when the present emergency is over.

There is one point which I think should be brought to the attention of holders of E bonds, particularly those who elect to hold their bonds after maturity. This has to do with the payment of income taxes on the interest. Under existing law holders of E bonds have the choice of either including the accrued interest of the bonds annually or of including the full amount when the bond matures. The bill H. R. 2268 provides that if a taxpayer elects to hold his investment in savings bonds, interest on the bond will not be taxable in the year of original maturity, but the entire amount of interest on the investment will be taxable at redemption or final maturity, whichever is earlier. In other words, if a taxpayer does not elect to pay a tax each year on the accrued interest, waits until the date of maturity and then elects to hold the bond, the amount of interest subject to tax at the end of the additional 10-year extension period will be considerable. I hope that in its program of encouraging E-bond holders to retain their E bonds the Treasury Department will encourage people to report the accrued interest for tax purposes annually. If people are encouraged to do this, the amount paid upon redemption or maturity of the bond will not be reduced by taxes.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. KEATING. In other words, the option still remains in the taxpayer on this extended time, just exactly the same as it exists today?

Mr. REED of New York. That is right.

Mr. KEATING. He can either pay his tax annually during the extended time, or pay it all at the end?

Mr. REED of New York. That is right. One of the dangers is that people of small holdings of E bonds will not take advantage of paying their interest each year. They will come to a year when these E bonds finally mature and the interest on them has accumulated, then of course it will throw many of the bondholders into a higher bracket. They will have lost perhaps much of the increment they thought they had gained.

Mr. KEATING. Also from the point of view of the Treasury it is desirable to have the taxpayers paying in full.

Mr. REED of New York. Yes.

Mr. KEATING. I quite agree that the Secretary of the Treasury should include that as part of his publicity.

Mr. REED of New York. I think it is important that the taxpayer should be notified.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I am very much in favor of this bill. I, too, want to commend the Secretary of the Treasury, Mr. Snyder, for his stand with the Federal Reserve Board. A number of Members of the House are in favor of the Brannan plan for farmers because it will help the farmers, and the farmers need it. It will also help the country, and they believe the country needs it. The Federal Reserve Board and the Open Market Committee are trying to force the Brannan plan for the banks.

I am against the Brannan plan for the banks because the banks do not need it. There is no reason why we should continue to subsidize the banks. The question of interest rates on Government securities that this bill is really intended to do something about is a major problem. Back at the beginning of the First World War, when our national debt was very low, probably one or two billion dollars, it did not mean very much in our fiscal policy. At the beginning of the Second World War, when it was about \$46,000,000,000, it still did not mean too much as a major policy in our fiscal affairs. But here in—I will not say the third world war, but in a third national war emergency—when our national debt is in excess of \$250,000,000,000, interest rates on Government bonds becomes a major problem. As the gentleman from Texas [Mr. COMBS] suggested a while ago, every time the interest rate on Government bonds is raised one-half of 1 percent it means that the taxpayers of this country will have to dig down and fork over \$1,250,000,000 a year in order to pay that excess interest of one-half of 1 percent.

The Federal Reserve banking system through the Federal Reserve Board and the Open Market Committee are trying to force higher interest rates in this country. It will mean a lot to the leg-

islation this Congress has in mind and to the taxpayers in particular. I think we should commend the Secretary of the Treasury for the stand that he has taken. Certainly, one who is opposed to the Brannan plan for the farmers, cannot consistently support the Brannan plan for the banks, and I hope that the Treasury wins in its contest with the Federal Reserve Board.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, this is a very practical matter in which practically everybody is interested. If you will bear with me I should like to explain it if I can by illustration.

In this proposed legislation we are dealing with the refunding of the E bonds, the maturity of which starts on the 1st of May. Let us take the E bond and let us see how these bonds were put out when they were first issued. Those of you who own them will understand what I shall try to say. Here is the situation: if you bought a \$100 E bond 10 years ago you paid \$75 for it when you purchased it. You naturally expected to get interest on that bond and the interest is stipulated in the bond just how much it would be. If the bond were cashed in a short time after its issue, say 6 months or so, you would get no interest, but if you would carry the bond along for the full 10 years, the interest rate is graduated upward until you eventually receive 2.9 percent interest on the amount that you had paid in. You will have \$100. In other words, the bond will mature into \$100.

Mr. Chairman, here is what the Government is confronted with. On the 1st of May next a lot of people, who in the aggregate own millions of dollars worth of these E bonds, are going to do something with those bonds. Will they demand cash for them or will they be willing to permit this money to stay with the Government? If you want your money on your bond you can get \$100 for it. The Government will live up to its contract, and will cash the bond when you present it for redemption. If you wish to leave the bond with the Government, the Government will continue to pay interest on the bond. You do not have to communicate with the Government if you want to leave the situation as it is, but it would be far better if you did contact the Government, letting the Government know that you expect to carry the bond on through for an additional period. If you decide to keep your money with the Government you will start with a principal of \$100. You can get that \$100 at any time you want it and they will pay you 2½ percent interest on this \$100, up to 7½ years. Then at that time if you want to continue on to 10 years they will increase the rate until the interest will be on an average 2.9 on the \$100 clear through to the 10-year maturity.

It is a very sensible program, in my opinion. The Government is anxious to have you leave the money with the Government, for if most of the holders of these bonds decide not to cash the bonds the Treasury will be relieved of the

trouble and expense of selling an additional issue of bonds. In this way the Government does not throw itself open to any wild speculation of any kind. The Government does not compel you to take the money. The Government simply says: "You can have it if you want it." What is more fair than that?

Should my constituents inquire of me about this matter, here is the way I expect to answer them. I shall say to them: Here, you have paid \$75. You now have \$100. Your \$100 will increase at the rate of 2½ percent for 10 years if you want to keep the bond clear through that time. Any time you want to cash it in you can do so, and get a fair return.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. The gentleman states that these bonds are due on May 1. At that time, if they have been held for 10 years, they have appreciated in value 25 percent because of the interest rate, as a practical proposition.

Mr. JENKINS. That is right.

Mr. AUGUST H. ANDRESEN. If a man does not cash his bond in at that time, is he required to report as income for tax purposes the 25-percent appreciation for the year 1951?

Mr. JENKINS. I understand not until he cashes the bonds.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman stated that these bonds have appreciated in value. Have they actually appreciated in value? That is, in terms of net purchasing power.

Mr. JENKINS. No; I am sorry to say that these bonds are like any other kind of an investment; they are affected by the difference in the purchasing power of the dollar.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Nebraska.

Mr. CURTIS of Nebraska. The question just asked by the gentleman from Iowa was along the line of a question I was going to ask. The gentleman said that he would tell his constituents if they had a bond they paid \$75 for 10 years ago, it is worth \$100 now, and they can hold it another 10 years and it will be worth \$133. If they should ask the gentleman what they could buy 10 years from now for that amount of money what would the gentleman tell them?

Mr. JENKINS. Oh, my answer would probably be, Who knows? You have \$75 that you paid for that bond. You could probably have bought a finer suit of clothes with the \$75 at the time you bought the bond than you can get now with the \$100 that the bond will be redeemed for. Of course, we are not solving the problem of the high cost of living in this discussion about cashing or continuing to hold these E bonds.

Mr. CURTIS of Nebraska. And the debtor on this bond has it within its power to determine the value of money?

Mr. JENKINS. I am afraid that we are getting into something foreign to the issue here.

Mr. GROSS. When the Secretary of the Treasury was before the committee did the committee get any assurance from the Secretary of the Treasury that they would not further debase and debase the currency of this country?

Mr. JENKINS. No. The Secretary discussed only the matter of cashing or carrying these E bonds. Anybody who has a \$100 E bond now, and it matures, can get \$100 for it. That was his contract with the Government. He can get that \$100. That is the contract he made 10 years ago. If he wants to take it, let him take it up now, or he can permit it to run along for another 10 years and get interest for it at the rate of 2.9 percent.

Mr. Chairman, I think this proposal is fair and reasonable, for it gives the bondholder the right to cash his bond or to permit the Government to have the use of his money at the fair rate of 2.9 percent.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. HERTER].

Mr. HERTER. Mr. Chairman, I have risen at this time not to oppose the bill before us but to express sorrow that this bill should come before us before the vitally important relationship between the Secretary of the Treasury and the Federal Reserve Board has been settled. I think perhaps the most important matter that the Committee on Banking and Currency could take up this year is a clarification of the respective positions of the Treasury and the Federal Reserve in connection with monetary rates and the very inflationary activity now being carried on by the Secretary of the Treasury. I think it is little realized that in supporting Government bonds, with their cheap interest rates, the Open Market Committee of the Federal Reserve has bought literally billions of these bonds and has placed the cash with which it purchased those bonds into general circulation. That cash then became a part of our general demand deposits in the banks and the basis for further credit.

If you take a look at the story from the pre-Korean week to the present, you will find that it is not Government spending that has been responsible for the inflationary crisis in this country. More than any other single thing it has been the cheap money policy of the Government which has allowed an expansion of bank loans to the extent of about \$10,000,000,000. And the curious thing about that study is that it will show that the price inflation has followed in percentage points almost exactly the same amount as the inflation in our currency and credit.

One of the great dangers in connection with the extension of the life of series E bonds is that if the holders of that series hang onto them there will be a continuing depreciation in the purchasing power of the dollar. Those who bought those bonds 10 years ago will find that the dollars that they get back

in May, when the first bonds mature, will be worth approximately 60 cents in purchasing power of what they were worth at that time. What they may be worth in purchasing power 10 years from now depends entirely on what is done to stop the ruinous inflation now encouraged by the Treasury's cheap money policy.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield to the gentleman from Michigan.

Mr. CRAWFORD. That is why I think it is so very important that the Treasury go just as far as it can to induce me and you and the other bondholders to hold the series E bonds, or any other bond, instead of cashing it and taking that cash and going into the market place and bidding against each other for these disappearing goods, and I do not believe the Treasurer has used sound judgment. I think he is entirely off the beam, in the parlance of the street, because of this inflationary force that is running. I concur in what the gentleman has said.

Mr. HERTER. I fully agree with the gentleman.

Mr. Chairman, I now ask unanimous consent to insert at this point in my remarks a statement by a group of the leading economists of this country entitled "The Failure of the Present Monetary Policy."

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HERTER. The article reads as follows:

THE FAILURE OF THE PRESENT MONETARY POLICY

Our purpose in preparing this statement is to show that the present monetary policy of the Federal Reserve is highly inflationary, that the monetary actions of the Federal Reserve since Korea have permitted the marked price rise which has already occurred, and that the Federal Reserve, presumably under the influence of the Treasury, is pursuing an ill-conceived policy that will interfere with effective mobilization of our economic strength even though taxes are increased enough to keep the Federal budget in balance.

Prices are rising at an alarming rate. This rise is widely attributed to the armament effort, to the efforts of business firms as they get ready for military contracts, and to speculative purchases by businessmen and consumers in anticipation of further price rises. This explanation neglects the critical role being played by a misconceived monetary policy in permitting these armament and private efforts to produce a price rise. As a result of the monetary failure, the Government is now committed to drastic measures in its attempt to control prices and wages which do not strike at the root causes of inflation and which impair the general efficiency of the economy and, also, affect adversely the armament effort.

Actually the production of armament is as yet a mere trickle. The recent price rises cannot, therefore, be attributed to expenditures on these. Neither can they be attributed to other expenditures by the Federal Government. During the second 6 months of 1950, the Federal Government took in substantially more than it paid out. The Federal budget was, therefore, if anything, a deflationary rather than an inflationary force during this period. True, as

armament expenditures rise, this situation will change unless new taxes are levied to meet the increased expenditures. Such additional taxes should be levied. But the recent price rises cannot be attributed to failure by Congress to enact adequate taxes. On the contrary, the willingness of Congress to impose new taxes has been the brightest spot in our economic policy during the last 6 months.

The expectation has been that there would be substantial armament expenditures in the future, that a wide variety of goods would be unavailable, and that there would occur future rises in prices. The expectation has given a strong incentive to businesses and individuals to buy now. The repeated threats by Government of wage and price ceilings have further promoted price rises by serving notice on any groups that can exercise control over prices or wages to increase them before it is too late. But neither force could have produced a price rise together with full employment and a high level of output unless businesses and individuals had been able to get funds with which to finance additional purchases. Anticipations of future price rises could have been prevented from producing a price rise by a vigorous monetary policy designed to make credit tight, to prevent an increase in the quantity of money, or, if necessary, to decrease the quantity of money in order to offset a rise in the rate of use of money.

Instead of following such a policy, our monetary authorities have done nearly the reverse. They have provided additional reserves to the banking system, thereby making it possible for banks to extend both their loans and their deposits at an extraordinarily rapid rate. The loans have provided the financial means for speculative purchases; the deposits have provided the circulating medium for the larger money volume of transactions. The consequences are written clearly and dramatically in the statistical record since Korea. From May 31 to the end of 1950, bank loans rose by nearly \$10,000,000,000, or nearly 20 percent. Adjusted demand deposits, the most active component of the money supply, rose by over \$7,000,000,000, or over 8 percent. Currency outside banks rose only slightly, by about \$500,000,000, so that the total circulating medium rose by 7 percent. This increase in the money supply was made possible primarily by Federal Reserve purchases of Government securities. Federal Reserve holding of Government securities rose by almost \$3,500,000,000, or 20 percent. Almost half of this increase was offset by a gold outflow, but nearly \$2,000,000,000 was added to member bank reserve balances by the security purchases and other Federal Reserve operations. The resultant 12-percent increase in reserves was more than enough to support the 8-percent increase in demand deposits so that excess reserves were actually more than twice as large at the end of 1950 as they had been 7 months earlier.

With a rise of over 8 percent in demand deposits, it is little wonder that personal income rose about 10 percent, wholesale prices about 11 percent, cost of living by nearly 6 percent. It is no accident that these figures are so nearly of the same magnitude. This is about as clear a case of purely monetary inflation as one can find.

These are admittedly highly technical matters, which is one of the main reasons why, as professional economists, we feel it incumbent on us to call them to the attention of the public. They clearly are technical matters of the gravest importance. The price rise of the last 6 months could almost certainly have been largely or wholly avoided by effective monetary action. Indeed, prices would probably today be little above their level in May if the Federal Reserve System had kept its holdings of Government securities unchanged instead of adding to them by \$3,500,000,000.

The Federal Reserve System has had ample legal power to prevent the recent inflation. Its Board of Governors are an able and public-spirited body of men. Their failure to stop the inflation can be charged neither to impotence nor to ignorance nor to malice. Why then have they failed to use the means at their disposal?

The failure to tighten bank reserves since Korea is a consistent part of the financial history of the last decade. One cost of effective use of monetary measures to stem inflation is a rise in the interest rate on the Government debt. The major weapon available to the Federal Reserve System is control over its holdings of Government securities. Sales of securities produce a flow of money into the Federal Reserve System and out of currency in circulation and out of bank reserves. This action reduces the availability of credit to the public. This weapon has not been used effectively throughout the last 10 years because the Treasury and the Federal Reserve System between them have been unwilling to let one particular price, the interest yield on Government bonds, rise more than fractionally. They have preferred to hold this one price down even at the cost of facilitating a rise in all other prices. It is long past time that this short-sighted policy was abandoned.

These remarks are clearly of more than historical interest. The problems we have been facing during the last 6 months are unfortunately likely to plague us for a long time. A sound economic policy for this period should rest on two pillars: Monetary policy and fiscal policy. It should use monetary policy to prevent the civilian sphere from adding fuel to inflation; it should use fiscal policy to offset the inflationary pressure of Government spending. The need for fiscal policy, specifically, heavier taxation to match heavier expenditures, is fortunately by now widely recognized. The need for, or even the possibility of, using monetary policy is hardly recognized at all. Nor can we accept the dictum of the Council of Economic Advisers that "because of the needs of debt management, * * * general credit policy cannot be expected to be a major anti-inflationary instrument during the coming period of intensive mobilization." The prices at which the citizens of this country can buy goods and services are much more important than the price at which the Government can borrow money.

The so-called needs of debt management have been magnified out of all proportion to their actual importance in economic policy. A determined policy to stop inflation will have numerous consequences, one of the least important of which would be a rise in the interest rate on Government debt, a rise that would probably be moderate. But even from the narrow point of view of debt management, the policy being followed by the Treasury is, to say the least, short-sighted. The nearly \$35,000,000,000 of series E bonds outstanding can be redeemed at the will of their holders. Further price rises that continue to reduce the real value of these bonds are almost certain to produce sooner or later a flood of redemptions of outstanding bonds, to say nothing about the effect of further price rises on the willingness of the public to purchase additional savings bonds. This outcome would raise far greater difficulties for debt management than a rise in interest rates.

Monetary measures to keep down the supply of money have the great advantage that they operate impersonally and generally, affecting all alike. They do not interfere with the details of day-to-day operation, require no great administrative staff to enforce them, do not interfere with, but rather add to, the incentives to produce efficiently and economically. By preventing an expansion of credit, they assure that credit obtained to finance armament production is at the ex-

pense of credit for other purposes instead of in addition to such credit. In this way, they make the financial operations consistent with the physical operations. The physical resources for armament production must largely be obtained by diversion from other uses; they can more easily be so obtained if the financial resources are diverted as well.

Monetary policy cannot serve two masters at once. It cannot at one and the same time buttress a strong fiscal policy in preventing inflation and be dominated by the present misconceived cheap money policy of the Treasury. The necessity of making a clean-cut choice between these two objectives has been obscured by brave talk and rear-guard actions by the Federal Reserve—the raising of reserve requirements, moral suasion of the banking fraternity, selective controls on installment and stock-market credit, and the like. These are all doomed to failure so long as the Federal Reserve System stands ready to buy unlimited amounts of Government bonds at essentially fixed prices.

Our national security demands a major armament effort. This armament effort is bound to create inflationary pressure. We cannot afford to add to this inflationary pressure by an inflationary monetary policy. The Federal Reserve System should at once announce that it will conduct its operations with an eye single to their effects on the supply of money and credit and on the level of prices. It should at once begin to sell Government securities to whatever amount is necessary to bring about a contraction in the currently swollen credit base. And it should preserve in this policy to the point that the inflation is checked even though one of its incidental effects is a rise in the interest rate on Government securities.

MILTON FRIEDMAN,
LLOYD A. METZLER,
FREDERICK H. HARBISON,
LLOYD W. MINTS,
D. GALE JOHNSON,
THEODORE W. SCHULTZ,
H. G. LEWIS,

Department of Economics, University of Chicago.

Statistics and sources

1. FEDERAL GOVERNMENT CASH BUDGET

1950, second half
(in billions
of dollars)

Cash receipts.....	21.9
Cash payments.....	19.95
Total.....	1.95

Source: One-half the annual rates given in table 9, Annual Economic Review by the Council of Economic Advisers in the Economic Report of the President, January 1951, page 160 (hereinafter referred to as Annual Economic Review).

2. MONEY AND CREDIT DATA, BANKS OTHER THAN FEDERAL RESERVE BANKS

[In billions of dollars]

	End of—	
	May 1950	December 1950
Demand deposits adjusted.....	85.0	92.1
Currency outside banks.....	24.7	25.2
Total circulating medium.....	109.7	117.3
Time deposits.....	59.5	58.9
Total privately held money supply.....	169.2	176.2
Loans (all banks).....	61.2	60.8

Source: Annual Economic Review, table A-28, p. 198, for all items except loans. May loans. Federal Reserve Bulletin, December 1950, p. 164; December loans, increase to Nov. 29, from Federal Reserve Bulletin, January 1951, p. 55; increase from Nov. 29 to Dec. 31 estimated on basis of increase for commercial banks shown in Annual Economic Review, p. 197.

3. OPERATIONS OF FEDERAL RESERVE SYSTEM

(In millions of dollars)

	May 31, 1950	Dec. 31, 1950
U. S. Government securities.....	17,389	20,778
Total credit outstanding.....	17,935	22,216
Gold stock.....	24,231	22,706
Member bank-reserve balances, total.....	15,814	17,681
Excess reserves.....	526	1,174

Source: Federal Reserve Bulletin, January 1951, pp. 43-44.

Mr. HAYS of Arkansas. Mr. Chairman, will the gentleman yield?

Mr. HERTER. I yield.

Mr. HAYS of Arkansas. I agree with the observation of the gentleman from Massachusetts regarding the wisdom of the Committee on Banking and Currency's taking a look at this controversy, if it is that. I think there is a tendency sometimes to oversimplify, to look at it as a war between the Federal Reserve Board and the Secretary of the Treasury, and to feel that it is an irreconcilable conflict. There are conflicts, of course, but just as the gentleman has said, the Treasury is naturally interested in saving as much money as possible on our interest charges. That is a laudable thing.

Mr. HERTER. I should like to make this observation. Many people have said that it is our Government spending which has been responsible for the inflation and the rise in the cost of Government.

Mr. HAYS of Arkansas. Yes.

Mr. HERTER. Last year on balance the Government of the United States took in \$3,500,000,000 more than it paid out. In other words, its own actions were deflationary rather than inflationary. At the same time, due to the monetary policy of the Treasury, the bank loans increased over \$10,000,000,000. The percentage almost exactly corresponded with the increase in the cost of living during that period.

Mr. HAYS of Arkansas. Many of us are concerned about the effect on the Federal budget ultimately of the higher charges, resulting from inflation, for the goods we buy as a Government. When steel goes up, and there are extreme charges for other materials, we more than wipe out any savings in interest charges. So I think the gentleman is doing well to focus interest on it.

Mr. HERTER. I completely disagree with the gentleman from Texas [Mr. PATMAN], who said that the Treasury is saving \$1,200,000,000 by keeping interest rates low, for the resulting inflation in the country as a whole has brought about an increase in the cost of the things the Government has to buy that is many times that amount.

Mr. HAYS of Arkansas. It is an economic, not a political, issue.

I should like to add, Mr. Chairman, that we first need more information regarding the influence of the Treasury Department debt-service policy on the Nation's fiscal structure. Some time ago the Joint Committee on the Economic Report explored the apparent divergence of views of the Federal Reserve Board and the Treasury Department and prepared a useful document on

the subject. A sincere effort was made apparently to reconcile the conflicting views, but the conflicts were viewed finally as a natural result of the different mandates of these agencies.

The Treasury Department quite naturally thinks in terms of a low interest rate on the national debt. If the Department were indifferent to increased costs resulting from a higher interest rate we would doubtless hear criticism of it. There are many factors involved that have to be weighed, and it may be a decision for the Congress to make in the light of inflation threats. I recall, for example, that the Secretary of the Treasury stated once to the Banking Committee that the Treasury Department would be prepared to respond at once to any directives from Congress as to interest rates but that the Department would ask that any such decisions be made in the light of the effect on the budget and other relationships.

This involves highly technical considerations which I am not able to appraise, but I am convinced that much weight must be given to warnings issued by the Federal Reserve Board as to the inflationary effects of maintaining a low interest rate on Government bonds. The gentleman from Massachusetts suggests that the Banking Committee make an effort at clarification. The committee, being charged with legislation dealing with inflation, would, of course, have jurisdiction over many aspects of the question. Likewise, the Ways and Means Committee, dealing with debt-service problems, would also be concerned with over-all policies. The point I am making, Mr. Chairman, is that this is a continuing problem requiring the alert interest of the Congress. It should never be determined on the basis of personal or political preferences. It is a cold, scientific question involving the highest kind of professional service.

The fight against inflation must continue on all fronts. At some stages in this struggle to prevent ruinous inflation greater insight and courage than we have yet displayed may be required. We must not permit the illusion of a balanced budget based on depreciated dollars to trick us into an easy attitude on this subject. At times the temptation to surrender to the allurements of inflation is very great. It is so easy for everyone to yield when the pressures are applied for higher prices, higher wages, and even higher taxes. There are pitfalls ahead, however, even for those who momentarily profit by the readjustments. And for millions of people who do not participate in the increase, severe injustices will result if there is a soft attitude in the face of this threat.

Mr. Chairman, I do not know the answer to the questions raised this afternoon. What I say is inspired by a fear that we will be less than rigidly moral in our fiscal arrangements, for we must be fair to those who have placed their faith in the soundness of the dollar. The problem cannot be solved by an aye and no vote of approval upon any specific policy of any specific agency of the Government. It is entirely too complicated for that, but we would do the people of the United States a disservice if we

permit the impression to be gained that price control and higher taxes alone will solve the problem of inflation. Both are needed, but we could have maximum efficiency in controls and an ideal tax program and still fail if we do not take into account the relationship of bank credit to this over-all effort to maintain the purchasing power of the dollar.

Mr. REED of New York. Mr. Chairman, I yield 2 minutes to the gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS of Nebraska. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. CURTIS of Nebraska. Mr. Chairman, if the President of the United States has authority to send thousands of our boys to their death on the hills of Korea without an act of Congress, does he have authority to keep open the supply lines in this country? This railroad strike should have been ended a long time ago. Is the grievance of these men greater than the need of supplies for our troops? Is their complaint of more importance than the welfare of our economy? It has gone on day after day and day after day. The President of the United States has played politics with it, afraid to come out and do what he should do. He has ample power. He has authority over the administration of the selective-service law. He has other laws.

As a matter of fact, technically the Government of the United States is running the railroads. Who is the greater, these offenders or the Government itself? Why does he not end this strike? Everyone knows that the reason he has not ended it is that he is playing politics with the strikers.

The tactics resorted to are not new. They were used in the coal strike a year or so ago. In a matter of hours, men who claimed to be ill, when in reality they were striking, could have been brought into court and dealt with for contempt of the order of the court. If this strike does not end, there are going to be more people than the strikers in the contempt of the American people.

Mr. REED of New York. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I believe the American people are entitled to a statement by the administration that there is one policy which has been decided upon as the money-rate policy of this Government. The trouble with the present situation is that one executive agency is pulling one way—that is, the Treasury is pulling one way—and the Federal Reserve is pulling the other. Regardless of which is right, whether it is the viewpoint stated by the gentleman from Texas or that of the gentleman from Massachusetts, we the American people are entitled to one policy being set by the Executive.

Coming to the present E-bond-extension bill, I am glad to see that the Congress of the United States is handling the extension of these E bonds by a voluntary method where the E-bond holders have their choice. We in

the Congress should look to it to see that by action on the interest rates of specific Government bond issues we are not disrupting the money rates in this country and generally increasing the interest rates on Government bonds. Such action would put an undue burden on many working people, including the white-collar workers of this country, in paying increased debt-service costs in the form of added taxes to meet current interest on the Government bonds.

For the record, I am opposed to drafting into the Army or putting in jail the railroad workers of our country, who are a vital part of the economy of this country. I publicly opposed that policy when the President first proposed it a few years ago, and again I oppose it at this time. I also spoke on this floor against the use of blanket injunctions as the President proposed. We should do everything we can to assist the railroad workers and honest management to get their just grievances settled, and to arrive at collective-bargaining agreements by voluntary methods. Congress cannot put one large segment of this population in our economic life in chains and expect this voluntary democracy of ours to work. I am sorry that yesterday on the floor of the House we should have had the administration's chairman of the Committee on Education and Labor urging that railroad workers should be put in bondage who want certain contract-agreement provisions, some of which are granted without question to most of the other labor groups in the country. One thing that they are asking for, for example, is the 40-hour week. I am sure responsible railroad management does not want its employees coerced by threats of Government force. If there has been delay in coming to an agreement, and if there has been delay in assisting these people to arrive at voluntary agreements for the benefit of the country, then the Executive should step in immediately and try to help them reach voluntary agreements, rather than playing politics with the situation. On the other hand, the Executive should not again try to use the Army as a catch-all. I believe it is unfair to fine men in the Army to have it proposed as a threat or a proposed punishment, and I think it is equally unfair to good railroad workers of this country, who are just as patriotic as the rest of us. We cannot operate our country on the basis of coercion and on the basis of forcing people in industry to do things that they will not do by collective bargaining. Agreement and voluntary action is the basis of our system, and not coercion and force against large groups of the working people in our economy. Might I ask the question: If Congress starts on coercion in one great industry, where do you stop?

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. GROSS. Mr. Chairman, I subscribe substantially to the remarks just made by the gentleman from Pennsylvania [Mr. FULTON].

In my opinion, President Truman has added the railroad workers to his collection of political footballs. But that

should occasion no surprise for he has made a political football of labor legislation since the early summer of 1949.

Truman has had control of the railroads for many months. When the general chairmen of the brotherhoods refused to ratify the proposal of the National Mediation Board it was then incumbent on Truman to compel both sides, and that certainly included the operators, to sit down immediately at the bargaining table and try again.

It is logical and timely to ask what would have been the Truman attitude and action if the situation were reversed—if the unions had accepted the Mediation Board's proposal and the rail operators had rejected it?

Unquestionably the operators would have come right back to further bargaining. Does anyone think Truman would have initiated contempt proceedings against the operators if they procrastinated?

The public, a vitally interested party to every labor-management dispute which results in a strike, has been injured by this rail tie-up which need never have occurred if Truman, already the directing head through Government seizure, had moved long ago with intelligence, courage, and decision.

Mr. REED of New York. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Nebraska [Mr. BUFFETT].

Mr. BUFFETT. Mr. Chairman, in the year 1950 the holders of savings bonds in this country suffered a loss in purchasing power amounting to \$3,600,000,000 from their holdings of savings bonds. Here are the figures:

1950 loss in purchasing power of United States savings bonds outstanding Dec. 31, 1950, based on U. S. Bureau of Labor Statistics cost-of-living index

Bureau of Labor Statistics cost-of-living index: ¹	
1949, Dec. 31.....	167.5
1950, Dec. 31.....	178.4
(10.9 increase during 1950, or 6.5 percent.)	

United States savings bonds outstanding ² (in billions).....	\$56.7
1950 loss in purchasing power of principal (in billions).....	\$3.6

¹ Department of Labor, Bureau of Statistics.

² Economic Report of President, January 1951.

In the face of that loss we are trying to find a way to encourage those bondholders to extend their bonds as they come due in 1951 and thereafter.

Specifically, this bill proposes that maturing E-bondholders voluntarily extend their bonds for a second 10-year period. I am going to offer an amendment at the appropriate time to encourage those bondholders to extend their bonds by giving them protection from additional inflation.

The amendment I have sent to the Clerk's desk provides that the principal amount of the bonds when matured shall be adjusted upwards in accordance with the BLS cost-of-living-index change upwards during the next 10-year period.

In other words, the amendment would give the bondholders, the investors who make a contract with the Government of the United States, the same protec-

tion during the next 10 years from inflation that the CIO auto workers have been getting for 2½ years or more from the General Motors Corp. on a short-term contract. Certainly, if that kind of a clause is important on a short-term contract, and when a short-term contract of that type has the blessing of the Government, the bondholder who makes a 10-year contract with this Government is entitled to similar protection.

Mr. COMBS. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. COMBS. Will the gentleman's amendment include a provision tying the bond-interest rate to the cost of living, so that if it goes down you would reduce the interest?

Mr. BUFFETT. This amendment does not attempt to change in any way the interest rates on the bond. It does provide that at the end of 10 years, if there has been no increase in the cost of living, the bond principal would be the original amount specified.

Mr. COMBS. What would be the result if there is a lowering of the cost of living during that period?

Mr. BUFFETT. The result would be that the investor would have made a sound contract.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. CRAWFORD. The net result would be that the bondholder would get the benefit.

Mr. BUFFETT. That is right.

Mr. CRAWFORD. There is no way you could beat the game. If it drops he gets the benefit of the drop in the cost of living. If the cost of living goes up, by reason of the Government paying higher dollar price for the bond, he is protected against the inflationary price.

Mr. BUFFETT. I thank the gentleman for his contribution.

In the past 10 years the E bond holder has lost 44 percent of his purchasing power. We want these bonds to be extended. A most important factor to the future of this country on the home front is the public credit of the United States. Now what is happening?

The month of January bears sober testimony on E bond sales. I want to give you the figures from the Treasury statement of January 31.

In January the new savings bonds issued decreased \$231,000,000 from the sales in January 1950. The sales of new bonds went down 32 percent. That is a serious decline.

During the same month the redemptions of war bonds went up 20 percent. So that we have this fact: Bond sales going down and redemptions going up. The reason for that is obvious—the people are losing faith in the financial integrity of the Government.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. REED of New York. If we were on a sound currency, with the gold standard, you would not be here presenting this proposition, would you?

Mr. BUFFETT. Certainly not.

The point is that we are asking people to make a contract with the Government

for another 10 years to replace a contract which in the last 10 years has lost 44 percent of its value.

The question becomes: Are we going to give those thrifty, humble, trusting citizens, who are the backbone of this country, a deal that has fairness and justice in it, the same protection as the CIO auto workers get, and unions all over this country are insisting on in short-term contracts. Only an escalator clause on these bonds will give the investor that protection.

The CHAIRMAN. The time of the gentleman from Nebraska has expired.

Mr. REED of New York. Mr. Chairman, I have no further requests for time on this side.

Mr. DOUGHTON. Mr. Chairman, I yield the balance of the time to the gentleman from Arkansas [Mr. MILLS].

The CHAIRMAN. The gentleman from Arkansas [Mr. MILLS] is recognized for 9 minutes.

Mr. MILLS. Mr. Chairman, I might say in the beginning it is not my purpose to use 9 minutes.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. Yes, I yield.

Mr. AUGUST H. ANDRESEN. It is the gentleman's understanding with reference to the E bonds coming due now in May, that, if they are continued without a reissue, no report has to be made for the purpose of income tax for the year 1951, for the 25 percent that has accrued in value?

Mr. MILLS. Let me see if I understand the gentleman's question. The gentleman means, if this legislation is passed and these bonds are extended for another 10 years, then the interest which has accrued for the first 10 years need not be reported as received in 1951, but may be reported at the end of the additional 10 years provided for in this legislation?

Mr. AUGUST H. ANDRESEN. Yes.

Mr. MILLS. Yes, the gentleman is right.

Mr. AUGUST H. ANDRESEN. By that time we hope the tax will be lower.

Mr. MILLS. And some of us may not be making as much money either.

The bill before us is quite simple. It has two sections. The first section has been explained by several Members. It authorizes the Secretary of the Treasury to continue to pay interest on series E savings bonds now outstanding for an additional 10 years at rates consistent with the provisions of paragraph 1 of section 22 of the Second Liberty Bond Act. Without that authority, people still might not cash their bonds upon maturity, but they would not receive any additional interest for any time after maturity.

Section 2 of the bill continues to give to the owner and possessor of those series E bonds the option of reporting interest every year as it accrues, or to report the entire amount of the interest when the bond itself is redeemed or upon the date of final maturity.

That is all the bill does.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield

Mr. FORD. May a bondholder pick any particular year and report the accrued income for, we will say, 13 years, and then let it go for the next 7 years?

Mr. MILLS. The bondholder in any taxable year before maturity may elect to report the interest accruing in that year and in all prior years, but once this election has been made, he then must report the interest as it accrues each year. If no election is made, the interest is reported in the taxable year of redemption or maturity.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. KEAN. A person has a certain option to make, and after he has made the option it continues for the rest of the life of the bond.

Mr. MILLS. In other words, the answer I gave the gentleman from Michigan is correct.

Mr. KEAN. Yes.

Mr. MILLS. If the tax is not paid on the interest each year then you must accrue the total until the bond is cashed or redeemed; you cannot mix the two systems.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. CRAWFORD. Is it at all necessary for the bondholder who desires to continue with the program to so report to the Treasury?

Mr. MILLS. If he desires to retain his series E bonds after maturity?

Mr. CRAWFORD. Yes.

Mr. MILLS. It is not necessary for him to make any report of his election to retain the bond.

Mr. CRAWFORD. I think that is important, because a lot of people will not report. They will be protected, however?

Mr. MILLS. They will be protected.

Mr. CRAWFORD. Whether they carry it another 1 year, 3 years, or 10 years?

Mr. MILLS. That is right; the gentleman is correct; they need not report their election to retain the bond after maturity, and they may wait to report the interest for tax purposes until the bond is redeemed, or until the year of final maturity.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. REED of New York. But if this accrued interest goes over a period of years until maturity it may throw the taxpayer into a bracket where he will really suffer quite a substantial loss. Is not that true?

Mr. MILLS. That is entirely true; he could. He, of course, has that election, as the gentleman from New York knows.

A question has been raised about the amount of interest which the Secretary of the Treasury suggested to the Committee on Ways and Means should be paid on these bonds for the additional 10 years. The Ways and Means Committee is relying upon the recommendation of the Secretary of the Treasury with respect to this interest. He has a group of some 500 people on the payroll, and several thousands or maybe a million volunteer workers throughout

the United States who handle these series E bonds for the Treasury. I know it is their thought, after considerable study, that the interest rate over the next 10 years of 2.9 percent, compounded semiannually, is sufficient inducement to cause most of the holders of the some \$35,000,000,000 in series E bonds outstanding, to continue to draw interest on them for the next 10 years rather than to cash those bonds in with the Treasury.

The Treasury, of course, may be wrong; it may be necessary before all of these series E bonds are disposed of by continuation or redemption for us further to amend the legislation to provide an additional interest rate over the 2.9 percent contemplated. I do think, though, that we should be impressed with the likelihood that the Secretary may be right; and if he is right and these bonds can be continued at the 2.9 interest rate, we should permit the Secretary to have that opportunity, because if we do raise the interest rate on these bonds materially over that which we contemplate here, then when the F and G bonds begin to mature we will probably be back asking for similar legislation with respect to them; we will have to treat the holders of those bonds as we treat the holders of the E bonds. This is quite an important question, for the \$58,000,000,000 of savings bonds outstanding constitute a rather considerable portion of the Federal debt.

Those of us who are interested in economy would desire the interest rate to be not higher than is necessary to induce the holders of these bonds to continue to hold them for the next 10 years.

Mr. Chairman, we realize, I think, full well that if these \$35,000,000,000 worth of series E bonds are redeemed in the next few years as they become due, in all probability there will not be a sufficient amount of revenue in the Treasury derived from taxation to redeem these bonds. Additional bonds, in all probability, will have to be issued and sold to somebody in order to get the money to redeem these bonds, if they are not extended for another 10 years.

It appears to me that the redemption of these E bonds now, in a period when we do have a lot of inflation, and the issuance of additional bonds to the Federal Reserve which they will perhaps buy, or other banks will buy, will not help our inflationary situation but will make it worse. There are many compelling reasons, therefore, why the Congress should permit the Secretary of the Treasury this opportunity to endeavor to induce the holders of these series E bonds to continue to draw interest on those bonds for another 10 years. I think we should offer him this opportunity.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. It occurs to me that if we delay the cashing of these E bonds for 10 years it will then just give the Treasury an opportunity to sell some new issues of bonds and the situation in the future will be worse than it is now.

Mr. MILLS. The gentleman will agree with me that the Treasury will not sell a lot of additional bonds to accumulate cash in the Treasury when there is no purpose for which that cash must be used; in other words, just to build up a big surplus. I doubt that the Treasury would do that and I think that the gentleman will agree with me.

Mr. AUGUST H. ANDRESEN. I might agree with the gentleman, but from the budget which has been presented here and the threat of a request for additional large sums for the future it occurs to me there may be new issues.

Mr. MILLS. The gentleman ought to be over with our committee where we are trying to raise a large amount by taxation.

Mr. AUGUST H. ANDRESEN. I hope you do not raise all of the money asked for.

Mr. MILLS. The gentleman would rather have the Treasury issue bonds?

Mr. AUGUST H. ANDRESEN. No; I do not want that, either. I want to cut down on nonessential expenditures.

Mr. MILLS. I join with the gentleman in that hope. I trust we can do it.

Mr. Chairman, I hope the bill will be adopted by the Committee of the Whole without amendment.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. GROSS. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record following those of the gentleman from Pennsylvania [Mr. FULTON].

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The CHAIRMAN. All time having expired, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subsection (b) of section 22 of the Second Liberty Bond Act (31 U. S. C. 757c (b)) is amended by inserting "(1)" after "(b)" and adding the following new paragraph:

"(2) The Secretary of the Treasury, with the approval of the President, is authorized to provide by regulation that owners of series E savings bonds thereafter maturing may, at their option, retain the matured bonds and earn interest upon the maturity values thereof for not more than 10 years at rates consistent with the provisions of paragraph (1)."

Mr. PATMAN. Mr. Chairman, I move to strike out the last word.

INVESTMENT IN E BONDS

Mr. Chairman, the point has been made by the distinguished gentleman from Massachusetts a short time ago that a \$100 bond purchased 10 years ago for \$75 will only buy about \$60 worth of goods, commodities, and services at this time according to his statement. It should be pointed out, however, that if the \$75 had been retained by the individual instead of investing it in E bonds his \$75, according to the same standard, would be worth only \$45. So he is certainly much better off in investing his money in the E bonds if the gentleman is correct about the 60-percent figure.

SHOULD NOT INCREASE INTEREST RATES

Mr. Chairman, the question has also arisen as to why we should pay more interest on the Government debt. It has been brought out here that every time we increase the interest rate 1 percent it means an increase of \$2,500,000,000 a year in interest charges.

Certainly we should not increase the interest rate unless it is absolutely necessary. Who is demanding an increase?

The people are not demanding an increase; the individual investors are not demanding an increase. They can get investments that will yield 5 percent, 10 percent, or even 20 percent. But, it is a risk and they do not want to run that risk. They would rather let the Government have their money at 2.5 percent and know they can get it any time they want to. They run a risk investing their money in these other enterprises. So, there is no reason why we should pay more than 2.5 percent on long-term paper, and if the Federal Reserve Banking System cooperates, we will not have to pay more. If they do not cooperate and they try to adopt a Brannan plan for the bankers, like they have proposed, by subsidizing the bankers, why then the interest rate will be increased. But, it should not be increased. The main reason for the inflation today, or the principal reason, or a major factor in the increase in inflation, is because of the condition of our budget—engaging in deficit financing. If we are going to have increased interest rates and increase the burden on servicing our national debt, why that increase is inflation, because it will be borrowed money to be added to our deficit. It is sort of a double-barreled inflation we would be engaging in.

BALANCE THE BUDGET

The way to stop inflation is to balance the budget, and I think the budget should be balanced. I would be one humble Member out of 435 who would not adjourn this Congress until we did balance the budget, pass the appropriation bills, pass them quickly, find out where we are, and eliminate every dollar that is not needed. Certainly every dollar of waste or every dollar that is not needed should be eliminated, and then when we find out what we have in the form of a budget, whether we like it or not, say, "We are going to balance the budget and we will vote for taxes to balance the budget." I think we should do that. We have a good opportunity now to render a great public service.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Mississippi.

Mr. RANKIN. The gentleman spoke of the Brannan plan. The worst enemy the cotton farmers ever had in this country was this man Brannan, the Secretary of Agriculture, from Pikes Peak. He would not know a cotton stalk from a cocklebur or a boll weevil from a bumblebee.

Mr. PATMAN. I was discussing only the financial part.

Mr. RANKIN. I represent cotton farmers, and I want to say this to the gentleman—

Mr. PATMAN. I think Secretary Brannan is one of the best friends the farmers ever had.

Mr. RANKIN. The present price of cotton in this country is about 43 cents a pound while in Brazil it is 70 cents a pound. This Brannan plan is destroying the cotton farmers of America. You can see that cotton is at least \$125 a bale higher in Brazil than it is in the United States.

Mr. PATMAN. I am not discussing that part.

Mr. RANKIN. The gentleman ought to.

Mr. PATMAN. I think the Secretary of Agriculture is about the best friend the farmers ever had. Certainly the Brannan plan for the farmers would be justified, because they need it, although it is not in operation now. But a Brannan plan for the bankers is not needed because they do not need it, and should not be invoked.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. While the gentleman is talking about balancing the budget, will he tell us how to do it? I am interested in that.

Mr. PATMAN. Well, Mr. Truman made a proposal yesterday. It is pretty rough, but it seems to me when we vote for these appropriations we should expect to vote for the taxes to pay them. I think the Members of this great body should keep that in mind when we vote for the appropriation bills and should have the courage to turn right around and vote for taxes. They were very hard taxes and we do not like them, but we voted for the appropriations and we should vote for the taxes to cover the appropriations.

Mr. HOFFMAN of Michigan. Then if I understand the gentleman correctly his proposition is that as we vote appropriations we should vote for taxes which will raise a like sum.

Mr. PATMAN. I say that when we vote to appropriate money out of the Treasury we should vote for tax measures that will bring that money back into the Treasury and balance the budget.

Mr. HOFFMAN of Michigan. I thank the gentleman.

Mr. PATMAN. That is what I believe in.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PATMAN. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. RANKIN. I want to say to the gentleman from Texas, while he is bragging on Mr. Brannan as being a friend of the farmer, that the farmers cannot agree to that, since he is robbing us of from \$100 to \$140 a bale on the cotton we sell now, and has been doing so since last fall.

Mr. PATMAN. I think the Secretary of Agriculture, Mr. Brannan, has been a very fine Secretary. He is a good, honest, courageous man, and I think very sincere. Although I do not agree with him on everything—and I am sure the gentleman from Mississippi does not agree with him on everything—he is bound to agree with him on some things.

Mr. RANKIN. Yes; I agree that he ought to be back on Pike's Peak, and the cotton farmers agree with me from one side of the country to the other. You will hear from them.

Mr. PATMAN. The cotton farmers are getting along pretty well.

Mr. RANKIN. That is what the gentleman thinks.

Mr. PATMAN. They are getting 45 cents a pound for their cotton and \$100 a ton for seed. I have never known a time in the history of this country when they got along better. Does the gentleman know such a time?

Mr. RANKIN. Yes; I certainly do.

Mr. PATMAN. When?

Mr. RANKIN. When they were not mistreated as they are being mistreated by Mr. Brannan today.

Mr. PATMAN. When was that?

Mr. RANKIN. Any time before.

Mr. PATMAN. Do not say "any time," say when.

Mr. RANKIN. The farmer gets less for what he sells than he ever got in history.

Mr. PATMAN. Say when.

Mr. RANKIN. I am talking about all the time.

Mr. PATMAN. Name the time.

Mr. RANKIN. Any time any man robs you that way you will be the sufferer.

Mr. PATMAN. When the gentleman makes charges like that, I think he ought to name the time.

Mr. RANKIN. The gentleman thinks it is a good thing for the farmers to rob them of from \$100 to \$140 a bale on their cotton?

Mr. PATMAN. I think the farmers should be helped as they are helped today. They are getting along better than they ever did before.

Mr. RANKIN. It helps a man to take money out of his pocket and give it to somebody else?

Mr. PATMAN. There are more farm owners today than ever before. Why? Because of a good farm program. There are more people who own their homes today than ever before in history. That is your answer to communism and socialism. As long as you have home ownership in this country, as long as people own their automobiles or their cattle or even their pigs, they are not going to join some organization where they will have to divide what they have.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. RANKIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am utterly surprised at the argument of the gentleman from Texas [Mr. PATMAN]. Telegrams are pouring in protesting against this man Brannan's fixing the price of cotton in the United States when he cannot fix it abroad. Last year he did the same thing. He put an embargo on cotton be-

cause it was rising toward its normal value. It cost the cotton farmers of my section and Texas and every other State about \$100 a bale at a time when we had the worst boll weevil condition we have had in years. I am not guessing at this. I know what I am talking about. Telegrams are pouring in protesting against his fixing the price of cotton.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. BOGGS of Louisiana. I say this neither in defense or justification of Mr. Brannan, but Mr. Brannan did not fix the price of cotton.

Mr. RANKIN. Brannan put on the embargo. If the gentleman from Louisiana does not know that, he had better go back and find it out.

Mr. BOGGS of Louisiana. The gentleman from Mississippi knows Mr. Wilson is the price stabilizer.

Mr. RANKIN. He was not in the picture last year.

Mr. BOGGS of Louisiana. If the embargo had not been placed on, you would not have cotton to make uniforms for our soldiers today.

Mr. RANKIN. Why not ask the farmers to commit suicide and be done with it? If the farmers followed that kind of policy, they would commit suicide. They are making more cotton in Brazil than they made 20 years ago. I called up and got the prices, and I found that cotton was 43 cents a pound in the United States, and that means New Orleans and New York, and 71 cents a pound in Brazil. What is the difference? It is \$128 a bale. That is what farmers of Louisiana, Texas, Arkansas, Mississippi, the Carolinas, and every other Southern State are being robbed of today. Yet they propose to carry that program on to literally grind the cotton farmers into the dust.

I will tell the gentleman from Texas [Mr. PATMAN] what has helped the farmers of this country. It has been rural electrification, for which I am largely responsible. We have electrified the farm homes. We have made it possible for the farmer and his wife and children to live in comfort and to enjoy everything you have in the city except the noise of the city and taxes, traffic jams, and parking meters.

But that does not justify this program of grinding the farmer into the dust by driving the price of cotton down below the cost of production. The farmer is paying for his own electricity.

If cotton had risen to its normal value last year it would have gone to 60 cents or probably 85 cents a pound. Yet today you are going on with an inflation of the currency. It was inflated to the extent of \$731,000,000 since the first day of September, up through the month of December. Yet while the currency is being inflated the farmers' prices on cotton are being held down, which keeps them from enjoying that measure of prosperity to which they are entitled, while their boys are being drafted to fight every war throughout the world, and others are being exempted, and some of them going out on strikes.

Mr. ALBERT. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield.

Mr. ALBERT. Does not the gentleman believe that the embargo put on by the Secretary last summer was put through to keep the price down and not in order to protect the domestic supply of cotton?

Mr. RANKIN. Of course it was not to protect the price of cotton. That situation raised the price of cotton to probably \$100 a bale more in Mexico than it was in Texas right across the line. It raised the price of cotton to \$100 a bale higher in Brazil, in Chile, in Argentina, and in every other country in South America than it was in the United States.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield?

Mr. RANKIN. I yield to the gentleman from Louisiana.

Mr. BOGGS of Louisiana. What was the price of cotton when this embargo was put on?

Mr. RANKIN. The price of cotton was around 40 cents a pound, and it was justified at from 60 to 85 cents a pound, according to the volume of currency and the prices of everything else at that time.

Mr. BOGGS of Louisiana. Mr. Chairman, will the gentleman yield further?

Mr. RANKIN. I yield for a question, yes.

Mr. BOGGS of Louisiana. Did that stop the price of cotton from going up?

Mr. RANKIN. No, but it boomed the price of cotton to \$100 a bale higher in Mexico than it was in Louisiana or Mississippi. Cotton went to \$100 a bale higher in Brazil than it was in Louisiana, and today it is \$125 a bale higher in Brazil than it is in Louisiana.

Does the gentleman understand that?

It is robbing the farmers of Louisiana, Mississippi, and every other cotton State of more than \$100 a bale.

Mr. BOGGS of Louisiana. Cotton was selling higher on the New Orleans Cotton Exchange last week than in the entire history of the United States.

Mr. RANKIN. All right; and it was \$128 a bale cheaper than it was in Brazil. I have the record. No. The gentleman does not understand the financial situation or the cotton market.

Mr. BOGGS of Louisiana. The gentleman admits that he is not an authority on Brazil, as the gentleman from Mississippi seems to be.

Mr. RANKIN. I am no authority on money, but I know the price of cotton. I can tell you now that if Brannan carries on this program it will mean grinding the cotton farmers of America into the dust. Today, as I said, I called up and found out that cotton was 70 cents a pound in Brazil and 44 cents a pound in New Orleans. In other words, it is \$125 a bale higher in Brazil than it is in the United States.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. BOGGS of Louisiana. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the Committee has under consideration a bill which is designed to protect the solvency of the United States of America and to protect the

people who have been patriotic enough to invest their savings and their money in the securities of the United States of America. This bill, I believe, was reported out unanimously by the committee of which I have the privilege to be a member, the Committee on Ways and Means. Until this moment it had not occurred to me that there could possibly be any connection between this bill which serves to protect the people—all the people, the farmers, the housewives, the businessmen, workers, cotton planters, sugar planters, people who work with their hands, people who work as clerks, and everybody—I could not dream that there could possibly be any connection between this bill and the price of cotton in Brazil. But there seems to be such a connection in the mind of the gentleman from Mississippi.

I ask the Members of this body to consider this bill on its merits, without respect to the price of cotton in Brazil. I may say to you that I am not an authority on cotton in Brazil. I do not know anything about it except what I read in the newspapers, and frequently I find that that information is not too accurate. I can say that despite the fact that I have represented a district which is largely urban, I do not know of a single measure which has come here designed to be of benefit to the cotton growers of our great area which I have not supported, and supported wholeheartedly and enthusiastically. Rather than grinding the cotton farmer into the mire and the dirt, the cotton farmers in my area received a higher price this year for their cotton than at any time in the history of the United States of America, and I believe the same thing applied to cottonseed. So if that is grinding them into the mire and the dirt, I say "more grinding."

I hope the Members of this body will not be diverted by a discussion about Mr. Brannan, who had nothing to do with the imposition of this price order which was imposed by Mr. Wilson and not Mr. Brannan, and will not let that red herring influence their judgment on a bill which is designed to help the holders of E bonds.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. BOGGS of Louisiana. I yield.

Mr. RANKIN. Since the gentleman has brought forth the "Red herring," which I am used to, I wish to say that I am not opposed to this bill; but I got into this argument with the gentleman from Texas [Mr. PATMAN] about the way our cotton farmers are being mistreated. I am not opposing this bill, but last year our farmers were robbed of \$100 a bale on their cotton and they are being robbed today of about \$125 a bale.

Mr. BOGGS of Louisiana. Of course, the gentleman may be right. I do not know. But the gentleman assumes by his statement that the price of cotton would have come to 85 cents and he assumes that no measures would have been taken before it reached 85 cents. If it had reached 85 cents, it would have been 200 percent higher than at any time in the history of the United States. With all due deference to the gentleman from Mississippi, who I know is a genuine

friend of the farmer—he always has been and I am sure always will be—I am not sure that if you put a completely inflated situation on the farmers that you would help our farm economy, because if you inflate farm prices you certainly will have to inflate everything else.

Mr. RANKIN. Will the gentleman yield further?

Mr. BOGGS of Louisiana. I yield.

Mr. RANKIN. The gentleman says cotton would not have gone up. It went up in Brazil, it went up in Mexico, it went up in Argentina \$100 a bale higher than it was in the United States.

Mr. BOGGS of Louisiana. I admitted to the gentleman I was not an authority on Mexico or Argentina or Brazil, or any of these other nations that he knows all about.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. REED of New York. Mr. Chairman, I move to strike out the last two words. It is not my intention to get into this cotton fight, but I would like to repeat a little of the history.

Two years ago, before the Ways and Means Committee, we were holding a hearing and I had been studying a report by a professor at McGill University, who had been down to Brazil and made a study of the country, as a prospective producer of cotton. He found there were about a million acres of land that were ideally suited for the raising of cotton. During the New Deal administration king cotton in the United States was on its deathbed. There was great alarm about it. After I made this statement in the committee that probably we would have competition from Brazil, a leading cotton man of the South took me to task out in the hall, and said, "You are not familiar with cotton. Brazil will never furnish any competition to the southern cotton."

Here is what happened: If you will remember, Secretary Clayton, interested in cotton in a large way, when king cotton was on its deathbed, went down to Brazil and opened a school to teach the Brazilian people how to cultivate cotton. He was responsible for the development of cotton in Brazil. You are not only having competition now but you will have devastating competition from Brazil in the future, because they have more new land available for raising cotton than you have in all of the South.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. RANKIN. Right at this point let me say to the gentleman from New York that I agree with what he said about Mr. Clayton. Mr. Clayton and I came from the same town, but in 1928 Anderson, Clayton & Co. rigged the cotton market. I forced an investigation, finally got the Senate to put on an investigation. They invited me over to cross-examine Mr. Clayton, and we showed that his company had bought several hundred thousand bales of cotton that did not meet the requirements, and had got it approved by the Government classers, and used it to whip the cotton market down from 22 cents to 14 cents a pound. We sent men up there who investigated it, and cleaned it all out of the Bay Way Terminal, and taken off the market.

Cotton went back up to 22 cents a pound; went up \$40 a bale before those classers got back to Washington.

Mr. REED of New York. He was responsible for taking vast amounts of cotton machinery from the United States and other North American areas and putting it in Brazil.

Mr. RANKIN. And greatly increased the production of cotton in Brazil.

Mr. GROSS. Is that the same Clayton who was Assistant Secretary of State and Under Secretary of State?

Mr. REED of New York. Yes; he is the same one.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield? I have a question on that.

Mr. REED of New York. I yield.

Mr. CURTIS of Nebraska. Is that the same Mr. Clayton who was championing the trade-agreements program and who helped administer it? And is it the same Mr. Clayton who went to the Geneva Trade Agreements Convention and took 10 Communists with him?

Mr. REED of New York. Yes; he is the same man.

Mr. HOFFMAN of Michigan. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Texas.

Mr. Chairman, I am somewhat bewildered by the statement made by the gentleman from Texas [Mr. PATMAN] who sometimes is considered a financial expert, I would say, to those on the left of the aisle. What he told us today we might well keep in mind. He gave us a formula for balancing the budget. In answer to my question he said in substance that when we voted for appropriations we should then or soon thereafter vote taxes to get a like amount. Well, that is all right; that sounds sensible, does it not? But the gentleman's record since 1935 nowhere tells me that he ever voted against any appropriation bill. I doubt if he ever has. If he had tried to balance the appropriations for which he has voted by new taxes there would not be in the Congress a man who was in the Congress which levied taxes in that sum.

The gentleman from Texas [Mr. PATMAN] just ignores the fact, in spite of all his expert knowledge, that the way to balance the budget is to quit spending so much money. I wonder if the gentleman ever heard of that method? The gentleman has voted for practically all the New Deal spending and wasting.

Now he comes along and he tells us why we would have been foolish to have kept \$75 in cash instead of buying a \$100 bond. He said that if we had kept the \$75 in cash instead of buying a bond that \$75 would now be worth in purchasing power only \$40. What an indictment of the New Deal, the man or woman who worked and saved 75 hard-earned dollars for his old age, now for those \$75 can buy but \$40 worth of food or merchandise. If you had bought an old cow or a fairly young cow she would have had eight calves in that same length of time and they would have brought you more in purchasing power than you would ever have gotten out of the bonds. Never did I expect to hear a dyed-in-the-wool New Deal sup-

and continue to hold those bonds instead of cashing them in, taking that money and going into the market place and bidding against each other, thus raising the prices of things that are for sale.

The gentleman from Texas [Mr. PATMAN] has referred to the confidence the people have in the Treasury issues because there is no market risk. During the period from January to December 1950 the sale of series E bonds by the Treasury amounted to in round figures \$3,500,000,000. The cash redemptions of that same type of bond were \$3,800,000,000. So the people of this country have just \$300,000,000 less confidence. That is minus the confidence the gentleman from Texas refers to.

The gentleman since yesterday morning has made something like four or five speeches condemning the Federal Reserve bank machinery and operations of this country. Marriner S. Eccles, the ex-Chairman of the Federal Reserve Board, is, in my opinion, one of the best authorities the world has ever produced on finance, credit, and banking.

He said just the other day:

As long as the Federal Reserve is required to buy Government securities at the will of the market for the purpose of defending a fixed pattern of interest rates established by the Treasury, it must stand ready to create new bank reserves in unlimited amount. This policy makes the entire banking system, through the action of the Federal Reserve System, an engine of inflation.

Here is a member of the Board of Governors, ex-Chairman of that Board, pleading with the people of this country to fix it so that the Federal Reserve does not have to do these destructive things that it has been condemned for so vociferously by our friend the gentleman from Texas [Mr. PATMAN] in some four or five speeches yesterday afternoon and today. Yet the Treasury of the United States in this bill, and otherwise, fixes an interest-rate pattern that forces the banking machinery of this country to act as an engine of inflation in order to support the ruling made by the Secretary of the Treasury and backed up by Mr. Truman.

In 1952, 1953, 1954, and 1955 the series E bonds will mature in these amounts:

The first year I mentioned, \$3,800,000,000.

The next year, \$5,300,000,000.

The next year, \$5,900,000,000.

The next year, \$4,700,000,000.

And for the years 1946, 1957, 1958, and 1959 the maturities will run from \$2,400,000,000 to \$2,800,000,000 annually.

General Eisenhower, in speaking the other day, said:

The fighting forces are but the cutting edge of a very great machine. The inspiration and the power for which we find in the heart of citizens and all of the various mechanisms that are necessary are represented in our investment capacity, our economic processes, and so on, so that when we talk about defending the free world, we are not merely talking about the divisions and groups and battleships and planes. We are talking about what is in the hearts, what we understand with our heads, and what we are going to do as a body.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CRAWFORD. Mr. Chairman, I ask unanimous consent to proceed for one additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CRAWFORD. General Eisenhower stood before the Members of this body, and he emphasized time and again that this job had to be done within solvency. He spoke about the free enterprise system, the investment capacity, and the confidence our people have in these Treasury issues.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Iowa.

Mr. GROSS. Yet the general had no reluctance in telling us that we had to ship vast quantities of materials to Europe and more troops to Europe.

Mr. CRAWFORD. That is true, and he knew that before you did that, you would have to have people at home who were willing to carry these securities issued by the Treasury in their own individual portfolios instead of in the bank portfolios.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from New York.

Mr. REED of New York. He also said in substance that this Nation should not be the Atlas supporting the world.

Mr. CRAWFORD. That is correct, and we need to give very serious consideration to this problem.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Nebraska.

Mr. CURTIS of Nebraska. Is inflation contrary to the policy of this administration?

Mr. CRAWFORD. It is not. It is in conformity with the policies of the administration.

Mr. AUGUST H. ANDRESEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the disturbing thing about this legislation is the breach of faith on the part of the administration in not providing for the same purchasing power of the dollar that you receive today when you cash in these bonds as it was at the time they were purchased. I remember very well how the late President Roosevelt took to the radio, and his then Secretary of the Treasury, Mr. Morgenthau, and told the people if they would buy these bonds, that they wanted to make them sound, return a sound dollar that would have the same purchasing power that it had at the time the purchase was made.

Our Government has broken faith with the investors in these bonds. Most of them are small people who have relied upon the integrity of the Government that their money would have the same purchasing power when the bonds were cashed in as when they were bought.

I am not opposing this legislation; I will support it. The gentleman from Louisiana a few minutes ago said this was to protect the solvency of the Treasury. We must be in pretty bad shape,

if we have to pass legislation to protect the solvency of the Treasury. Maybe we need it, but if we have come to that point, where there is a lack of confidence in the money in this country and in the policies of the Treasury and the Administration, we have reached a new low in American history.

I was rather interested in what the gentleman from Texas had to say about balancing the budget. I have been listening to him ever since he came to Congress. He has been one of the chief advocates of cheap money and printing press money and deficit financing in the United States. This is the first time I ever heard him mention balancing the budget of this country. I think it is a remarkable achievement on the part of someone to convert him to the philosophy that we need a balanced budget. I hope they will continue their effort, and maybe he will come out for sound money.

Mr. KEATING. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from New York.

Mr. KEATING. I join the gentleman in tribute to the gentleman from Texas for his changed viewpoint. However, the gentleman from Minnesota must remember that the main method of balancing the budget suggested by the gentleman from Texas is by increasing taxes rather than cutting down expenses. In that respect the gentleman now speaking and the gentleman from Minnesota, I feel sure, would be found on the other side of the fence.

Mr. AUGUST H. ANDRESEN. We have to collect taxes, but I notice the President's proposal, the first dose that came up here this week, provides for a tremendous increase in the taxes on the middle- and lower-income groups. Most of these people are not getting any benefits from war expenditures. Most of them are living on fixed incomes. Many of them are living on pensions and annuities. Many of them are old people. I do not know how they get along. But the time is rapidly coming, if they pursue this policy, that a large portion of our middle class and lower-income groups will be working at least 6 months out of the year to pay the tax bill.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. AUGUST H. ANDRESEN. I yield to the gentleman from Texas.

Mr. PATMAN. Will the gentleman join with other Members in the House in voting against adjournment of Congress until he has voted for sufficient tax measures to balance the budget, after saving every dollar that can be saved in the appropriations?

Mr. AUGUST H. ANDRESEN. I certainly will, and I hope the gentleman, who has never heretofore voted for any reduction in Federal expenditures, will join this side of the aisle and vote to cut six or seven billion dollars from the budget on non-essential expenditures. I am glad to join with the gentleman.

Mr. KEATING. If the gentleman will yield further, I simply want to point out to the gentleman that the same lower income and middle-income people who have been hit hardest and are now being asked to take another wallop with this

tax bill are the very people that are hit the hardest by the Government's inflationary policy, which has reduced to about \$60 the value of the \$100 E bonds in which they have invested, thinking they were making an investment in our Government and thinking that they were going to get more money when they turned in their bonds than when they bought them.

Mr. AUGUST H. ANDRESEN. I agree with the gentleman. There appears to be a determined effort on the part of the present administration to liquidate a large mass of our population that is living on fixed incomes in this country, people who have no means of hedging the little income they get.

Mr. KEATING. Like the gentleman from Minnesota, I shall support this legislation. Prudent management requires that a sound orderly plan be devised to make it possible and reasonably attractive for holders of series E bonds to continue their investment beyond the maturity date.

But we should be careful not to be lulled into a false sense of security, feeling that, having passed this legislation, our financial problems are solved. A campaign will have to be undertaken by the Secretary of the Treasury to convince the people that they should hang on to the E bonds instead of cashing them in, as is their privilege. Confidence in Government securities is even more important in this type of investment, than is the yield, which is relatively modest in any event.

Those who bought a \$75 bond 10 years ago upon the representation that they would receive \$100 at maturity now realize, to their sorrow, how it was possible for the Government to deprive them of their promised return. They now find that the \$75 which they put in 10 years ago, instead of being worth \$100 today, as anticipated, is only worth \$60.

This is a direct and inevitable result of the profligate spending and "cheap money" fiscal policies of the Administration. Those who now hold these bonds and others who might be induced to purchase them must be convinced that these demonstrably unsound policies will not be continued, if they leave their old money or put their new money into this type of investment. They must be assured that their Government to which they have a right to look for protection will not turn around, after it has their money in its coffers, and deliberately cheapen the value of that money in terms of what it will purchase, thereby depriving them of the rightful increase in value of their investment which it has been represented to them they may expect.

No one of us, of course, wishes to take any step or voice any utterance which will militate against the necessary efforts of the Treasury to sell Government securities. The point is that the success of these efforts rests almost exclusively in the hands of the Administration officials who direct our fiscal and financial policies and also must handle these bond sales. It is entirely up to them and their predecessors in office to determine whether the \$100 which a series E bondholder now elects to leave with the Government as an investment will be

worth \$133 at maturity 10 years hence, as represented to him, or whether he will meet the same fate which befell the investor of 10 years ago and find in 1961 that he can only buy less than \$100 worth of goods with the bond which he cashes, rather than having \$133 to spend which was promised him.

This is a particularly serious problem because it hits hardest those in the lower and middle income brackets who are accustomed to investing their modest savings in this type of security. Like so many of these fatal Administration policies, the retired workers or those enjoying a small fixed income suffer the worst. They deserve and have a right to expect better treatment from their Government. They should no longer be deceived. Many have already awakened to the injustice perpetrated on them. We in Congress should continue to exert constant and unyielding pressure upon the administration forces to insure a square deal for those who entrust their hard-earned savings to the Government.

The Clerk read as follows:

SEC. 2. Effective with respect to taxable years ending after the date of the enactment of this act, section 42 of the Internal Revenue Code is amended—

(1) by inserting after "stated intervals" in the first sentence of subsection (b) the following: "or owning an obligation described in paragraph (2) of subsection (d)";

(2) by inserting after "acquisition" in the last sentence of subsection (b) the following: "(or, in the case of an obligation described in paragraph (2) of subsection (d), the date of acquisition of the series E bond involved)"; and

(3) by adding at the end of such section the following new subsection:

"(d) Matured United States saving bonds: In the case of a taxpayer who—

"(1) holds a series E United States savings bond at the date of maturity, and

"(2) pursuant to regulations prescribed under the Second Liberty Bond Act retains his investment in the maturity value of such series E bond in an obligation, other than a current income obligation, which matures not more than 10 years from the date of maturity of such series E bond,

the increase in redemption value (to the extent not previously includible in gross income) in excess of the amount paid for such series E bond shall be includible in gross income in the taxable year in which the obligation is finally redeemed or in the taxable year of final maturity, whichever is earlier. The provisions of this subsection shall not apply to a corporation, and shall not apply in the case of any taxable year for which the taxpayer's net income is computed upon the basis of the accrual method of accounting or for which an election made by the taxpayer under subsection (b) is applicable."

Mr. BUFFETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BUFFETT: Page 3, after line 14, insert the following new section:

"Sec. 3. (a) The amount payable upon redemption of any series E United States savings bond retained for 10 years or more after maturity pursuant to regulations prescribed under section 22 (b) (2) of the Second Liberty Bond Act shall be—

"(1) the amount which would be payable if this section did not apply, or

"(2) the amount referred to in paragraph (1) multiplied by the ratio of (A) the Consumers' Price Index as of January 15 of the

tenth calendar year following the calendar year in which the bond matured to (B) the Consumers' Price Index as of January 15 of the calendar year in which the bond matured.

whichever amount is higher.

"(b) The amount payable upon redemption of any series E United States savings bond purchased after December 31, 1950, and held until maturity shall be—

"(1) the amount which would be payable if this section did not apply, or

"(2) the amount referred to in paragraph (1) multiplied by the ratio of (A) the Consumers' Price Index as of January 15 of the calendar year in which the bond matured to (B) the Consumers' Price Index as of January 15 of the calendar year in which the bond was purchased,

whichever amount is higher.

"(c) For the purposes of this section—

"(1) The term 'Consumers' Price Index' means the Consumers' Price Index for Moderate Income Families in Large Cities, All Items, published by the Bureau of Labor Statistics.

"(2) If a ratio must be determined between a Consumers' Price Index in computing which a given base period is used, and another Consumers' Price Index in computing which a different base period is used, one index shall be converted to the same base period as the other."

Mr. MILLS. Mr. Chairman, I make a point of order against the amendment. The bill before us has to do with the retention after maturity of certain bonds, and the payment of interest upon those bonds for a period not to exceed 10 years after the present maturity date. The amendment offered by the gentleman proposes a payment to bondholders which is beyond the concept of interest. As I understood, the gentleman earlier in explaining his amendment referred to it as not taking the place of interest, but providing a payment in addition to interest proposed in section 1. Therefore, the amendment goes beyond the scope of the bill and is not germane to the bill.

The CHAIRMAN. The Chair will hear the gentleman from Nebraska [Mr. BUFFETT] on the point of order.

Mr. BUFFETT. Mr. Chairman, the bill proposes to encourage the retention of bonds for a second 10-year period. That is the purpose of the bill. The terms of the bill authorize the payment of interest on series E savings bonds retained after maturity and for other purposes. It is to be assumed those other purposes would embrace terms for the extension which would encourage bondholders to extend his bond for that period of years and protect him against inflation which might occur during that period. It seems to me that this is the appropriate bill for such an amendment to be considered, if these bondholders are going to have that protection, and it has to be done at this place or it will not be done.

Mr. MILLS. Mr. Chairman, if I may be heard further on the point of order, the bill in the two sections amends two different statutes. The first section amends the Second Liberty Bond Act and the second section amends section 42 of the Internal Revenue Code. There is nothing in either the Second Liberty Bond Act or in the Internal Revenue Code which is in keeping with the gentleman's amendment, and there is nothing

in the bill to which the amendment itself is germane.

Mr. CURTIS of Nebraska. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will hear the gentleman on the point of order.

Mr. CURTIS of Nebraska. Mr. Chairman, the bill before the Committee deals not only with payment of future interest due but also with the payment of the principal on these bonds. It provides for the payment of the principal at future times. The amendment offered by the gentleman from Nebraska [Mr. BUFFETT] likewise deals with the repayment of the principal on the bonds.

Mr. MILLS. Mr. Chairman, in answer to the gentleman from Nebraska [Mr. CURTIS], it is true that the bill does provide for the payment of principal and interest at a future date, but it does not provide for an additional premium of some sort based upon the cost of living.

The CHAIRMAN (Mr. ENGLE). The gentleman from Arkansas has well stated the point, in the opinion of the Chair. The fundamental purpose of the amendment must be germane to the fundamental purpose of the bill. In this instance the bill deals with interest on Government bonds, but the proposed amendment is so broad that it would change the basic obligation of the Federal Government on the principal of the bonds. Therefore, the Chair sustains the point of order.

Mr. BUFFETT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I regret that a point of order has been raised against this amendment. This legislation gives to the Congress of the United States its first opportunity to give the holders of savings bonds a square deal, to prevent in the future the raw deal that they have received in the last 10 years from their ownership of savings bonds.

A few moments ago the gentleman from Arkansas [Mr. MILLS] told you how important it was that the people of the country retain confidence in the credit of the United States. He told you how important it was that sales of these bonds be continued at a high rate. But now we find in the consideration of this bill that an amendment is ruled out of order that would give these bondholders some protection against inflation during the next 10 years, an inflation that has robbed them of 44 percent of their principal during the last 10 years.

The amendment, Mr. Chairman, would have operated to restore the faith of the people in United States obligations.

It would have operated to accelerate the sale of war bonds and to discourage the redemption of war bonds.

It would have operated to make plain to the people and to the Congress the imperative importance of sound Federal financing.

The amendment would have given this Congress a chance to show the same fidelity to trusting citizens that the heads of labor unions demonstrate when they insist on an escalator clause in union contracts.

As a practical matter, this Government can go on fooling uninformed people and selling them a deteriorating investment but—day by day—and I testify from 25 years' experience in the investment business—day by day more of these folks are finding out the inherent unsoundness of holding a deteriorating obligation, a fixed-income obligation in a period of inflation.

Unless this Congress comes to grips with this problem that knowledge will grow and expand, until most of those who own Government bonds, and who become familiar with inflation, will have turned them in and put their money in some other form of investment.

The humble, trusting citizens of this country, by and large, are the holders of these war bonds. They are being sold down the river financially, so long as inflation continues and their bonds remain payable in a fixed amount. Every man sitting in this Chamber knows that. Every man sitting in this Chamber knows that in the last 10 years there has been a substantial deterioration in the purchasing power of that dollar. I say this Congress should do something about this situation, and this is the place and time to do it.

We should play square with the bondholders who have placed their future financial independence in the hands of the Congress of the United States.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BUFFETT. I yield.

Mr. BYRNES of Wisconsin. I agree with everything the gentleman has said about the depreciation of bonds and, in general, the awakening of the American people to some of the difficulties they are going to be concerned with in the purchase of bonds. But is it not true that what the gentleman charges as far as Government bonds are concerned applies equally to any other bonds which the purchaser might buy?

Mr. BUFFETT. The gentleman from Wisconsin is correct insofar as any fixed interest obligation is concerned. However, these obligations are our specific responsibility.

This deterioration is a financial debacle without parallel in this country since the Revolutionary War and the repudiation of the continental currency.

This deliberate inflation is so shocking that an able economist, Dr. Paul Poirot, characterized it in this strong language:

No government anywhere in the world at any time ever perpetrated upon its citizenry a greater fraud than is practiced in the United States of America today. (The Pension Idea, by Dr. Paul Poirot.)

Has he overdrawn the picture? The 44 percent depreciation in savings bonds, life insurance, and war bonds in 10 years is a loss that comes to more than \$26,000,000,000.

Here is the picture of the enormity of the loss suffered the last 10 years by those who have been saving dollars.

At the end of 1940, United States savings bonds, savings bank deposits, and life insurance assets amounted to \$61,200,000,000. At that same 1940 date the cost of living, measured by the Bureau of Labor Statistics, was at 100.2.

Now let us look at those savings at the end of 1950. The Bureau of Labor Statistics cost of living index was at 178.4, against 100.2 in 1940.

The buying power of those 1940 savings had been reduced 44 percent. The real loss to the holders of those 1940 savings was over \$26,800,000,000.

Even more strikingly I can express the deterioration in one sentence: The deterioration in savings bonds last year of three and one-half billions was a billion and a half more than the total of all losses from bank failures from 1921 through 1933.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Chairman, if American taxpayers generally understood the real meaning of the administration's tax proposals, as conveyed to the committees of Congress, I believe there would be an immediate uproar in behalf of drastic cuts in nonessential Government spending which neither Congress nor the President could ignore.

Even more so would this be the case if taxpayers should compare Federal taxes nowadays with those of only 10 years ago. The comparison shows the alarming extent to which Federal administrations over the past 18 years have gobbled up the substance of the people.

A statistical analysis, which came to my attention through my esteemed colleague, NOAH MASON, of Illinois, shows that in 1940 only about 4,000,000 individuals were paying personal income taxes, which were limited to comparatively high incomes. Today we have 52,000,000 people making personal income-tax returns.

In 1940, a married couple with no children enjoyed an income-tax exemption of \$2,500, while today the same couple have exemption of only \$1,200.

In 1940 the tax rate in the lowest income bracket on which taxes were imposed was only 4 percent, while today it is 20 percent. In 1940, the highest corporate income-tax rate was 19 percent, and today it is 47 percent.

In 1940, Uncle Sam collected a total of about \$4,000,000,000 in all personal income, corporation, and excise taxes. Today he collects \$55,000,000,000 from these three sources.

Thus there are 13 times as many people on the Federal income-tax rolls as there were in 1940. Uncle Sam is taking away five times as much of their personal incomes as he did in 1940. He has nearly tripled corporate tax rates, until now he takes away nearly a half of all corporate incomes.

A few weeks ago the expiring Eighty-first Congress added a corporate excess-profits tax, amounting to 75 percent of corporate earnings, above certain predetermined earnings totals.

Since corporations cannot survive unless they pass taxes along to consumers in the form of higher prices, those high corporate taxes, and the additional excess-profits taxes, in the end are paid by

the same people who pay personal income taxes.

Needless to say, corporation officials and stockholders are also consumers, and pay their full share of the corporate taxes, because they pay the same prices as everyone else for the things they buy.

The President now has advised Congress that in his opinion personal income-tax payers must bear the heaviest part of the burden imposed by his proposal to raise an additional \$16,500,000,000 in Government income. Lower- and middle-income earners would pay nearly all of the increase, because those in the high-income brackets receive only about 8 percent of total incomes received in the Nation each year.

It has been estimated that it will be necessary to boost the tax rate on lower and middle incomes from 20 to 24 percent, in order to raise only \$10,000,000,000, proposed by the President as a first installment of the \$16,500,000,000 increase he says eventually will be required.

The Congress should bear it in mind that Senator HARRY F. BYRD, of Virginia, has proposed specific measures for cutting nonessential Government spending next year by something more than \$9,000,000,000 from the \$72,500,000,000 budget submitted by the President.

If the present Congress fails to take the advice of Senator BYRD, to insist that nonessential spending be cut by at least \$9,000,000,000, and if the 4 percent is added to personal income-tax rates, the result may tend to destroy our free-enterprise system, and in the end our individual liberties, under a socialistic form of government.

A Federal income-tax rate of 24 percent would take nearly a quarter of everyone's annual income. A quarter of a year is 3 months. So it would figure out that the 24-percent income-tax rate would have everyone working at least 2½ months a year, just to pay Federal income taxes alone, to say nothing of State and local taxes, and indirect payment of corporate taxes.

If these latter direct- and indirect-tax payments should be added, it appears that the total tax burden for each individual would approach 50 percent of earned income, and everyone would work a full half of each year, just to pay taxes, before lending a hand toward the support of himself and his family.

Mr. O'TOOLE. Mr. Chairman, it looks to me as though the Republicans ate nothing but rooster yesterday the way they are crowing today.

Mr. MILLS. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with the recommendation that the bill do pass.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. ENGLE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 2268) to authorize the payment of interest on series E savings bonds retained after maturity, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

Mr. MILLS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THE WILDCAT RAILROAD STRIKE

Mr. HERLONG. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HERLONG. Mr. Speaker, yesterday several Members announced they had introduced legislation designed to put an end to the paralyzing wildcat strike of some railroad employees.

Information that we have today indicates that many of these strikers are returning to work, probably in response to the very fine plea made to them by Mobilization Director Charles Wilson.

The tendency in the past in instances such as we are going through has been to forget all about the proposed legislation when these people go back to work, then when another emergency comes along and there is another wildcat strike, we are right back where we started.

I think that we should be careful in the type of legislation we enact, making sure that no basic rights of individuals are eliminated. However, always in an emergency, all of us have had to submit to the suspension of certain privileges for the good of the country as a whole. We must be in a position to protect and implement in every way possible our boys in Korea. If they retarded our defense effort as much as has been done by these strikes, they would be court-martialed. We here at home are certainly no better than they are. Even if all these people go back to work today, irreparable damage has already been done our defense effort. But for future reference, remember, it is too late to lock the barn after the horse has been stolen. I therefore cannot urge too strongly that the Members who have introduced this corrective legislation push it through regardless of the outcome of the present strike. I offer my assistance to them in every way possible.

AMENDING SECTION 313 (b) OF THE TARIFF ACT OF 1930

Mr. JENKINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 2192) to amend section 313 (b) of the Tariff Act of 1930.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 313 (b) of the Tariff Act of 1930 be amended to read as follows:

"(b) Substitution for draw-back purposes: If imported duty-paid sugar; nonferrous metal; or containing nonferrous metal; flaxseed and linseed, and flaxseed and linseed oil, and duty-free or domestic merchandise of the same kind and quality are used in the manufacture or production of articles within

a period not to exceed 1 year from the receipt of such imported merchandise by the manufacturer or producer of such articles, there shall be allowed upon the exportation of any such articles, notwithstanding the fact that none of the imported merchandise may actually have been used in the manufacture or production of the exported articles, an amount of draw-back equal to that which would have been allowable had the sugar; nonferrous metal; ore containing nonferrous metal; flaxseed and linseed, and flaxseed and linseed oil, used therein been imported; but the total amount of draw-back allowed upon the exportation of such articles, together with the total amount of draw-back allowed in respect of such imported merchandise, under any other provision of law, shall not exceed 99 per centum of the duty paid on such imported merchandise."

Mr. JENKINS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JENKINS: Page 1, line 6, strike out "or" and insert "ore."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FREE IMPORTATION OF GIFTS FROM MEMBERS OF THE ARMED SERVICES

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 2141) to make permanent the existing temporary privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 2 of the act of December 5, 1942, entitled "An act to accord free entry to bona fide gifts from members of the Armed Forces of the United States on duty abroad," as amended (U. S. C., 1946 edition, Supp. III, title 50 App., sec. 847), is hereby amended by striking out "and before July 1, 1951."

With the following committee amendment:

Page 1, line 7, strike out "and before July 1, 1951" and insert in lieu thereof: "July 1, 1951, and inserting in lieu thereof July 1, 1953."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to extend for 2 years the existing privilege of free importation of gifts from members of the Armed Forces of the United States on duty abroad."

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. MCCORMACK asked and was given permission to extend his remarks and include the text of President Truman's speech made a few days ago at the dedication of the Chapel of the Four Chaplains.

Mr. ARENDS asked and was given permission to extend his remarks and include an address.

Mr. ENGLE asked and was given permission to extend his remarks in two instances, and in each to include extraneous matter.

Mr. YORTY asked and was given permission to extend his remarks and to include extraneous matter.

Mr. LANHAM asked and was given permission to extend his remarks in two instances, and in each to include editorials.

Mr. LANTAFF asked and was given permission to extend his remarks and include a copy of a speech.

Mrs. BOSONE asked and was given permission to extend her remarks and include an article written by Lt. Robert T. Follin entitled "It's Happening on Your Own Front Lawn."

Mr. MCCARTHY asked and was given permission to extend his remarks and include excerpts from an article.

Mr. RANKIN asked and was given permission to revise and extend the remarks he previously made and include extraneous matter.

Mr. LANE asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. FERNANDEZ asked and was given permission to extend his remarks and include extraneous matter.

Mr. YATES asked and was given permission to extend his remarks and include a speech delivered by Gov. Adlai E. Stevenson on Sunday, January 28, 1951.

Mr. HAYS of Ohio asked and was given permission to extend his remarks and include a newspaper editorial.

Mr. LYLE asked and was given permission to extend his remarks and include letters.

Mr. SPRINGER asked and was given permission to extend his remarks and to include an article from the Jersey Observer of January 19, 1951.

Mr. BUFFETT asked and was given permission to include in the remarks he made in the Committee of the Whole today some small charts.

Mr. BUSBEY asked and was given permission to extend his remarks and include excerpts from a radio broadcast by Paul Harvey.

Mr. WEICHEL (at the request of Mr. ELLSWORTH) was given permission to extend his remarks.

Mr. SHAFER asked and was given permission to extend his remarks in three instances and include extraneous matter in two.

Mr. CRAWFORD asked and was given permission to revise and extend the remarks he made in the Committee of the Whole and include quotations.

Mr. POTTER asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mrs. ST. GEORGE asked and was given permission to extend her remarks and include a resolution.

Mr. RIEHLMAN asked and was given permission to extend his remarks and include an address by John F. Nave, national commander, Italian-American World War Veterans.

Mr. POULSON asked and was given permission to extend his remarks in two instances and include extraneous matter.

Mr. DEANE asked and was given permission to extend his remarks and include a newspaper article.

Mr. HOWELL asked and was given permission to extend his remarks and include extraneous matter.

Mr. BROOKS asked and was given permission to extend his remarks and include extraneous matter.

Mr. BONNER asked and was given permission to extend his remarks and include an editorial appearing in the Raleigh News and Observer entitled "RAYBURN'S Record."

Mr. SADLAK asked and was given permission to extend his remarks and include an article on the death of Admiral Berrien.

Mr. HALLECK asked and was given permission to extend his remarks and include an address by Hugh Baillie, president, United Press Associations.

Mr. HUGH D. SCOTT, JR. (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks in two instances and include newspaper articles.

SPECIAL ORDER GRANTED

Mr. LANE asked and was given permission to address the House for 5 minutes today following any special orders heretofore entered.

RENT INCREASES IN OAK RIDGE

Mr. BAKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks and include an editorial from the Oak Ridger of January 25, 1951.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BAKER. Mr. Speaker, the Atomic Energy Commission, on January 23, 1951, announced rental increases for all Oak Ridge family housing and dormitories effective August 1 which average approximately 28 percent, based upon the theory that this increase is justified in order to put rents in Oak Ridge on a level with those in surrounding areas, presumably referring to the nearby municipalities of Clinton and Knoxville, Tenn., 6 and 25 miles distant, respectively. It seems to me that this doctrine of comparability has no more application to Oak Ridge than would Professor Einstein's theory of relativity; perhaps, less.

This doctrine of comparability is ably discussed in an editorial which appeared in the Oak Ridger on January 25, 1951:

THAT TERM "COMPARABILITY"

You've heard of places being described as incomparable. We think that term describes Oak Ridge, too.

Recent announcements seem to indicate that Congress and the AEC want more rents for Oak Ridge houses after August 1. We view the changes with mixed feelings. We'll devote future editorials to the inflationary and home ownership aspects of the rent boost.

Today we'd like to concentrate our fire on the word comparable, or comparability as it is used by Government officials in describing why rents here will be raised to the same level as the surrounding area.

On the surface the rent raises are supposed to have been done in the interests of comparability. That's a word we're tired of hearing. Comparability be hanged. You can't compare this community with any other, anywhere.

And to compare Oak Ridge housing with that in Knoxville or Clinton is absurd for several reasons. First, we'd like to see the yardstick Tredwell and Goldstein used. Did it allow for drafts? Was there a notch for mildew? Did the lack of cellar count for anything? There's a lot of clarification needed about the T and G yardstick.

We think Messrs. Tredwell and Goldstein would not have recommended such a sizable boost had they been living in one of our cemestors or flattops during a recent cold spell.

Secondly, the rents paid in other cities of this size might have some bearing, but Knoxville is a metropolitan area of 250,000 and Clinton has about a tenth of Oak Ridge's population. And the size of a town has a definite effect on its rent structure.

Nevertheless, AEC officials say comparability is the term congressional committees use when they state what they want Oak Ridge rents to be. O. K. if comparability is the byword, let's inform Congress and the AEC that it can apply to a lot of other things beside rents. And should apply to a lot of others before it is applied to the rent picture.

We feel it entirely just for residents to insist that as local officials make rents comparable with this section other city policies should become comparable, too.

When we pay normal city rents we should have the privilege of choosing our own home. We should not be confined to a certain type of housing because of our job classification or the number of children in the family. We should be able to buy our own fuel—and not have to be satisfied with coal of inferior quality.

Most of all, when we are paying rents the same as those persons with free enterprise landlords, we should have the privilege of saying "nuts" to renting a house and buying one of our own.

When these and other conditions are made comparable then it would be high time for the AEC to talk about comparable rents.

In our minds, the time for such a rent increase has not arrived.

Mr. Speaker, I am informed that 32,000 persons live in Government housing in Oak Ridge. In the summer of 1949 a joint 18 percent increase in rents and utility charges was made. I visited many homes in Oak Ridge during the summer and fall of 1950. These people then felt that their rent was too high.

In my opinion, this rent increase is not justified.

I have discussed the matter with members of the Banking and Currency Committee of this House and when hearings are resumed on rent control I shall appear before that committee and ask that appropriate measures be taken to prevent the currently announced rent increases in Oak Ridge. And at the proper time I shall seek full investigation of this entire subject.

It is anomalous to say that a Federal agency can do a thing which is prohibited to be done by private business and industry without respect to cost factors or return on investment, but upon the so-called basis of comparability.

The residents of Oak Ridge have no voice in their local government, although they vote in Federal, State, and county

elections. The entire governmental set-up at Oak Ridge should be studied and revamped by the Congress. This will not hinder or impede the great atomic energy program. On the contrary, in my judgment, it will greatly improve and facilitate this highly important work.

The SPEAKER. Under previous order of the House, the gentleman from Idaho [Mr. Wood] is recognized for 30 minutes.

DISCUSSION OF FOREIGN AFFAIRS

Mr. WOOD of Idaho. Mr. Speaker, it seems that in our foreign relations today there is so much that is passing as coin of the realm which is just miserable counterfeit. We have been told in season and out that we are in deadly menace; that some bogeyman of the night is going to get us if we do not watch out. The powers that be have even gone a few steps further; they have identified the goblin as Stalin. Well, they ought to know. They were the first to take his blood-stained hand, red with the blood of his own tortured and murdered countrymen, and claim him as the friend of America, another great Democrat—good old Joe. After his adoption by the past administration, the bogeyman was fed and made strong by the gift of 14 billions of our dollars which Communists claim to despise, thousands of tons of food and materials which we shall shortly need, and hundreds of war planes and other war matériel of all sorts, which we are now afraid he will use against us and which we could have used so effectively ourselves in the recent disturbance in Korea.

They donated the continent of Asia to him; and the rape of South Korea and the downright murder of our innocent and ill-trained GIs in Korea were all implicit in the sordid sell-outs of this country at Tehran, Yalta, and Potsdam.

There may have been some excuses for the late Chief Executive being taken in by Stalin and Hiss at these meetings. Outside of being a foxy local politician, it was never my idea that he was a particularly astute man; and during the last meeting with Stalin, in spite of the statements of crooked and time-serving doctors to the contrary, he was actually a dying man. Only a very young doctor or a fool could have been mistaken in the death mask he wore for a face.

With the present Chief Executive, the case should have been different. Being from Missouri, he should have been a good mule trader, and I understand he is actually a good poker player. As such, he should have known that good old Uncle Joe held a royal flush against his pair of deuces. But he has presented other evidences of being a poor Missourian. A good poker player loses gracefully.

Knowing that the gift of Manchuria and North Korea to good old Uncle Joe would be an irresistible invitation for Stalin to take South Korea into his sphere of influence; and particularly so after the Chief Executive's duly authorized spokesman, Dean Acheson, had so plainly stated to the world that we should not defend South Korea, in case of aggression.

Just what would you expect Stalin to do? Under those conditions, could he have been expected to leave South Korea to develop into a hated capitalist state or that it should be taken in and educated into the better way of communism?

A good poker player would have stood pat and let Stalin take South Korea at least until we were prepared to take care of such a campaign properly if that is what we decided to do after mature deliberation, being in a position to fully count the cost of our interference.

And so here we now have America more or less betrayed by the men who were sworn to protect it. Even if we should give them the benefit of the doubt, though I know of no particular reason why we should, inasmuch as they had taken their oath to protect the flag and integrity of the United States. Let us assume they were glamored, mistaken, or just plain dumb, when they signed and sealed the future security of the United States over to Stalin. Even if that were the case, when the fatal consequences of that mistake are now so evident to us, it is still no reason why they should persist in their obduracy, nor why they should still follow a course which may yet wreck America, the land they have so solemnly sworn to defend and protect.

We hear a good deal of a mandate to be world saviors; in fact practically every speaker and every newspaper article refers to the existence of such a mandate. We constantly hear that we are the divinely appointed people to lead all other nations into freedom and democracy.

Mr. Speaker, where do we find anywhere in history or tradition that we have at any time received such a mandate? There is nothing in the whole scope of American history which even suggests the existence of such a thing. No one has ever had such a revelation. It just seems to be one of those peculiar things which, when the time seems ripe for its emergence from limbo, seems to spring fully armed into action for good or evil, depending upon the nature of the mandate. There was one other nation in history which claimed to have such a mandate to be fruitful and to replenish the earth and become the eventual owners thereof. History does not as yet record any more startling fulfillment of that mandate than will probably be attained by that which we have claimed.

This whole country, and particularly my constituents, are asking when and from whence did this mandate come to the United States to become the new Messiah and lawgiver to lead the world.

Mr. Speaker, in my youth, I used to read Martin Chuzzlewit, by Charles Dickens. In that work is portrayed what was supposed to be a typical American of those days—a cheap braggart, and all in all a most objectionable individual. At that, I am not too sure he was more ignorant and reprehensible than the insufferable coots who claim to be the prophets of the brave new world.

Mr. Speaker, can it be that our President, our Secretary of State, our Secre-

tary of Defense, and General Eisenhower, and others, are so ignorant of the great big heart of America that they do not realize that what America is hoping for, praying for, and striving for is just one little word of five letters as applied to our relations with other countries. What is that word? Just "truth."

America wants no more secret meetings at Tehran, Yalta, Potsdam, Brussels, or Washington. Eisenhower's message meant little or nothing to us. We care little about his secret report to the Chief Executive for, after all, he is merely just one man. Congress is composed of the duly elected representatives of the sovereign people of the United States. We are the people. We are the country. We are the United States. Congress is the last hope of America.

Just when and where did the Congress of this United States become less reliable than Alger Hiss or Judith Coplon? Just when and by whom was this Congress committed to salvage the results of following the mistaken advice of Owen Latimore, the trusted servant of this present Government, when he recommended that we should let Nationalist China and South Korea fall to the Communists without giving the appearance that we had pushed them?

We live in the midst of rumors of war, turmoil, drafting of 18-year-olds, transplantation of Government facilities out of bombing distance from Washington, price controls, a ruinous increase of taxes of every known variety, and some which were never heard of before; increase of expensive armament, rumors of bigger and better bombs, and so on ad libitum—and for why?

Mr. Speaker, I pause to ask the question in all truth and fairness. Where is the war with which we are threatened? True, we have the miserable fiasco in Korea into which we were pushed by our unnatural stepchild, the United Nations. I know all about that. But outside of that, who is threatening us? Who ever said they are going to attack us? Perhaps the Chief Executive has some inside information from "good old Joe" that he is going to attack us at some set time or at least sometime. If he has, it is just another of those secret things to which my constituents object most strenuously.

The truth is, so far as I have been able to ascertain, that no one has said they had any designs on our territorial integrity or our free American institutions. I am not a pacifist. I hate Russia and communism. If I loathe this sort of thing outside the United States, how should you think I would regard the vast spurious jingoism which is at present passing for the coin of the realm in America? America is not at war. There is no immediate present reason why she should be. Our stepchild, the United Nations, is at war. It has created for us precisely the peril which it was supposed to prevent. But we are doing 100 percent of the paying and 90 percent of the fighting and dying.

Then why are we having this cheap hysteria of immediate deadly peril, this urgency of securing for the party in power fantastic, and to the taxpayers of

America, ruinous taxation to collect suicidal levies for the party in power to squander as it has done for the past 18 years?

Mr. Speaker, does one not read? Does one not think? The whole history of this administration has been that of one crisis after another and each has fed into the administration's coffers the billions of dollars necessary to continue the illusion of good times, prosperity, and whoopla, entirely resting upon the insecure foundation of borrowed money. Where is this thing to stop? What are we doing about it? It has been stressed so long by the administration, the public has become like the victim of a recent nightmare, conditioned to accept illusion as reality. And this evil is compounded when we consider the United Nations. It was a dark day for America when we accepted the domination of this brain child of Alger Hiss.

We are approaching the anniversaries of the birthdays of Abraham Lincoln and George Washington. May I ask you to stop dead in your tracks for a moment and contemplate just what those two stalwarts would have thought of our membership in the United Nations? What do you think the reactions of either or both would have been if they were serving as American delegates to that body? Without spending any more time in speculation, you know exactly what George Washington would do about it. But what about Lincoln? He committed his Nation to a most grievous internecine war to preserve the integrity of the Union. He would not recognize the flag of the Confederacy. But after all the Confederate flag was American. The people who fought and died for it were Americans, separated from us mainly by the problem of slavery which would have been settled in 20 years without the war due to the advent of modern machinery.

The United Nations flag is not American. It has no heredity back of it except that of crime, treason, lies, hate, suspicion, and double dealing. It has nothing in it which is American except our money, and it holds little promise of ever being anything but a wilted and blood-stained rag against the glorious history and tradition of our flag of America, our beloved Stars and Stripes.

Who is that body to command General MacArthur to lead our betrayed young men to death in Korea? Who is that body which advises us to arm Western Europe and sends Eisenhower with our billions to further a project in which my constituents have not the slightest interest; nay, indeed, the whole venture enjoys their most active opposition.

Mr. Speaker, one must have truth. America is too great, too grand, too sublime to sacrifice on any altar erected to illusion. To what shall we then cling in these troubled times? We are naturally a happy people here in the United States. The newcomers from elsewhere have been fed, clothed, and sheltered and trained to be good citizens of our beloved country. We have met our "lions by the way" in the spirit of Americanism, fair play, and candor and have solved most of our disturbing problems. I am

fully satisfied that we shall once again attain a reasonable stability as we build up the safety of our country here at home, create as powerful an army for our own defense as we can afford, equip it as fully with modern facilities for war making as will suffice to make us as strong as any other nation of our size. After these objectives are attained, if it be determined upon taking the people of the United States into our confidence and being completely truthful that we can afford to do some other things which would advance our security abroad, such as the creation of air bases in Europe, Great Britain, Japan, or the Philippines, we might then equip such bases. We should not use our land forces to any extent against a foreign power.

Mr. Speaker, I shall close upon the same theme as I began.

First. The United States is not at war.

Second. We are no nearer war than we have been for the past 5 years, except for the jingoistic talk too prevalent in the United Nations.

Third. There is no excuse for the levying of such huge taxes as the Chief Executive has proposed. I should recommend however that a good deal better job be done with the funds spent for the rearmament of the United States than was apparent in the past 5 years.

Fourth. That the Chief Executive immediately and forever cease the strident cries of "wolf, wolf" unless a real crisis exists.

Fifth. And that finally as we settle back peacefully into our American way of life once again and proceed to do that which we should never have stopped doing: "Mind our own business."

The SPEAKER pro tempore. Under previous order of the House the gentleman from Massachusetts [Mr. LANE] is recognized for 5 minutes.

DISABLED VETS BARRED FROM WORK ON DEFENSE CONTRACTS

Mr. LANE. Mr. Speaker, it is more than a crime against fair employment practices when men who fought for their country are politely informed that they are not wanted when they apply for work in plants that will make sizable profits from Government orders.

I am not referring to the unfortunate few who do not have the training or experience to qualify for any job.

I am speaking for the many who possess skills that are needed, and are on the point of being hired, until the interviewer learns that they have been disabled, even to a minor degree, while in the service of the United States.

For this "weasel" reason alone they are being frozen out of employment at the very moment that the Government, worrying about a forthcoming manpower shortage, is drafting plans to enlist women, cripples, and the aged to meet the stepped-up demand for workers in defense production.

Discrimination against disabled veterans on the basis of disability alone does not make sense.

And it does not square with elemental justice.

Our repeated tributes to them have a hollow ring, if they are not followed up, not by charity or special privilege, but

by down-to-earth protection of their employment rights.

These men can produce, and they want to produce.

Having sacrificed so much on the combat line, they know better than others the importance of diligent effort on the assembly line.

In this emergency some employers insist on doing business as usual, without realizing that there is a public need that requires some sacrifices from all. When we draft men to suffer and to die in our defense, the rest of us at home should be prepared to make some adjustments to the new and critical situation that confronts this Nation.

Such employers will contend that they must be careful about the people they hire. Those who are not physically fit may become involved in accidents or aggravate their disabilities, thereby paving the way for claims against the employers. These, in turn, would increase the cost of the employers' insurance.

Suppose for the moment that we accommodate ourselves to this viewpoint.

In order to understand the manufacturers' position, we will forget all about the veteran of 1941 and 1945 and what they gave, without counting the price, to save us and our comfortable lives. We will even close our eyes to the disabled vets from Korea who are trying to start all over again back home, but at a competitive disadvantage.

We will look at the issue I bring to your attention, coldly and calmly, measuring it by the strict rule of dollars and cents.

Employers avoid taking on qualified men, even those who are but 10 percent disabled because of the insurance risk.

And yet many of those same employers will owe their survival to the Government orders now flowing to them. Before the present emergency, supply was catching up with demand in many fields of economic activity. Some industries were approaching a leveling off, leading to a decline. There is no reason to believe that Stalin wanted to save them. But as a result of his activity, this Nation is committed to an all-out preparedness program that is giving a shot-in-the-arm to business as a whole, including some lines that were beginning to falter.

This is also a matter of dollars and cents.

Now none of us will regret the fact that profits and employment will hold up well in 1951.

But I, for one, do not wish to see our disabled vets excluded from participation in this constructive effort.

I believe that we should assist industry to overcome its fears, and encourage it to hire such veterans who are otherwise qualified.

In the award of defense contracts, the Government has an opportunity to remove this discrimination by insisting that disabled vets who apply for employment shall not be turned down by reason of their disability alone.

But how to get around the insurance factor?

In part, some of the insurance risks covering, in my opinion, the Government should assume—in part—some of the insurance risks covering physically im-

paired ex-GI's who are hired by private employers to help on defense orders, and that this obligation should be written into law.

With the liability eased, employers would be only too glad to use the skills of handicapped ex-servicemen and women who can still put in a good day's work for the benefit of themselves, their employers, and their Nation, and for the most effective mobilization of our human resources.

I intend to introduce a bill to incorporate this provision in legislative form.

It is my hope that the administration will lend its support to this measure before the industrial manpower shortage becomes acute.

The Federal Government should lead the way, through the medium of its contracts, to set fair employment standards that will guarantee equal job opportunities for our disabled vets.

Surely their rights to employment on Government work should be second to none.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 82. An act to provide reimbursement of expenses incurred in connection with the burial of those who served in the military forces of the Commonwealth of the Philippines while such forces were in the Armed Forces of the United States pursuant to the military order of the President of the United States, dated July 26, 1941; to the Committee on Veterans' Affairs.

S. 101. An act to amend the Reorganization Act of 1949; to the Committee on Expenditures in the Executive Departments.

S. 658. An act to further amend the Communications Act of 1934; to the Committee on Interstate and Foreign Commerce.

ADJOURNMENT

Mr. PRIEST. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 2 o'clock and 41 minutes p. m.) the House, under its previous order, adjourned until tomorrow, Wednesday, February 7, 1951, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

178. A letter from the Director, Administrative Office of the United States Courts, transmitting a copy of the detailed statement of expenditures of appropriations for the United States Court of Customs and Patent Appeals for the fiscal year ended June 30, 1950; to the Committee on the Judiciary.

179. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to revise, consolidate, and codify the navigation laws relating to admeasurement, documentation, entry, clearance, coastwise trade, foreign trade, and United States fisheries, and for other purposes," together with an analysis of the various provisions of that proposed bill; to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 335. A bill to confer jurisdiction on the Court of Claims to hear, determine, and render judgment upon a certain claim of the Board of County Commissioners of Sedgwick County, Kans.; without amendment (Rept. No. 66). Referred to the Committee of the Whole House on the State of the Union.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 512. A bill conferring jurisdiction upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon claims arising out of certain blasting operations on the Merrimack River; with amendment (Rept. No. 67). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 574. A bill for the relief of the estate of James Patrick Hackett and Charles L. Stover; without amendment (Rept. No. 28). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 576. A bill for the relief of Fred E. Weber; without amendment (Rept. No. 29). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 593. A bill for the relief of the Alaska Juneau Gold Mining Co., of Juneau, Alaska; without amendment (Rept. No. 30). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 599. A bill conferring jurisdiction upon the United States District Court for the District of Delaware to hear, determine, and render judgment upon the claim of Alvin Smith, of New Castle, Del., arising out of the damage sustained by him as a result of the construction and maintenance of the New Castle United States Army Air Base, New Castle, Del.; without amendment (Rept. No. 31). Referred to the Committee of the Whole House.

Mr. FRAZIER: Committee on the Judiciary. H. R. 613. A bill for the relief of John P. Hayes; without amendment (Rept. No. 32). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 638. A bill for the relief of Warren Thomas and others; with amendment (Rept. No. 33). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 647. A bill for the relief of the estate of Louridine Livermore and the estate of Dorothy E. Douglas; with amendment (Rept. No. 34). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 680. A bill for the relief of the State Compensation Insurance Fund of California; without amendment (Rept. No. 35). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 706. A bill for the relief of Mrs. Alice N. Kozma; without amendment (Rept. No. 36). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 712. A bill for the relief of Charles W. Wulf, warrant officer, junior grade, United States Air Force; without amendment (Rept. No. 37). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 721. A bill for the relief of the Peerless Oil Co., of Brooklyn, N. Y.; without amendment (Rept. No. 38). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 723. A bill for the relief of Carlo de Luca; without amendment (Rept. No. 39). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 727. A bill for the relief of Julia Busch; without amendment (Rept. No. 40). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 745. A bill for the relief of Thomas A. Trulove, postmaster, and Nolan J. Salyards, assistant postmaster, at Inglewood, Calif.; without amendment (Rept. No. 41). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 746. A bill for the relief of Harris A. Bakken; without amendment (Rept. No. 42). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 774. A bill for the relief of the American Barrel Co., Inc.; without amendment (Rept. No. 43). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 848. A bill for the relief of Mrs. Martha W. Johnson; with amendment (Rept. No. 44). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 857. A bill for the relief of Mrs. Rose A. Mongrain; with amendment (Rept. No. 45). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 971. A bill for the relief of Louis R. Chadbourne; with amendment (Rept. No. 46). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 990. A bill to confer jurisdiction on the Court of Claims to hear, determine, adjudicate, and render judgment on the claim of Preston L. Watson, as administrator of the goods and chattels, rights, and credits which were of Robert A. Watson, deceased; without amendment (Rept. No. 47). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 997. A bill for the relief of William J. Drinkwine; with amendment (Rept. No. 48). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1095. A bill for the relief of Shelby Shoe Co., of Salem, Mass.; without amendment (Rept. No. 49). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1239. A bill for the relief of Bruce M. Stern; without amendment (Rept. No. 50). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1249. A bill for the relief of the La Fayette Brewery, Inc.; without amendment (Rept. No. 51). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1449. A bill for the relief of Mr. and Mrs. Fred A. Fletcher; with amendment (Rept. No. 52). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1461. A bill for the

relief of Josephine Lisitano; without amendment (Rept. No. 53). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1473. A bill for the relief of Caroline M. Newmark and Melville Moritz; with amendment (Rept. No. 54). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1487. A bill for the relief of the Sonoma County Farmers' Mutual Fire Insurance Co.; without amendment (Rept. No. 55). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1566. A bill for the relief of A. J. Crozat, Jr.; with amendment (Rept. No. 56). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1580. A bill for the relief of the Overseas Navigation Corp.; with amendment (Rept. No. 57). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1583. A bill for the relief of Francis A. Gunn; without amendment (Rept. No. 58). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1584. A bill for the relief of Edward Woolf; with amendment (Rept. No. 59). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1594. A bill for the relief of Earl L. Doss; with amendment (Rept. No. 60). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1596. A bill for the relief of N. H. Kelley, Bernice Kelley, Clyde D. Farquhar, and Gladys Farquhar; without amendment (Rept. No. 61). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1682. A bill for the relief of Capt. Marciano O. Garces; without amendment (Rept. No. 62). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1822. A bill for the relief of Harry C. Goakes; without amendment (Rept. No. 63). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1845. A bill for the relief of Sam Patterson; with amendment (Rept. No. 64). Referred to the Committee of the Whole House.

Mr. BYRNE of New York: Committee on the Judiciary. H. R. 1912. A bill for the relief of Wilcox Electric Co., Inc.; without amendment (Rept. No. 65). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CAMP:

H. R. 2416. A bill relating to exclusion from gross income of income from discharge of indebtedness; to the Committee on Ways and Means.

By Mr. HAGEN:

H. R. 2417. A bill creating a Commission on Federal Reimbursement to States and Local Governments by reason of Federal ownership of improved and unimproved real property; to the Committee on Interior and Insular Affairs.

By Mr. RANKIN (by request):

H. R. 2418. A bill to provide greater security for veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection, in the granting of emergency hospital care by the Veterans' Admin-

istration; to the Committee on Veterans' Affairs.

H. R. 2419. A bill to provide increases in the rates of pension payable to certain widows of veterans of the Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection; to the Committee on Veterans' Affairs.

By Mr. MURRAY of Tennessee:

H. R. 2420. A bill to provide a recruitment procedure for the competitive civil service in order to insure selection of personnel on the basis of open competition and merit, and for other purposes; to the Committee on Post Office and Civil Service.

H. R. 2421. A bill to amend section 6 of the act of August 24, 1912, as amended, with respect to suspensions of certain employees of the United States; to the Committee on Post Office and Civil Service.

By Mr. O'HARA (by request):

H. R. 2422. A bill to amend the Railroad Retirement Act of 1937 to provide, for certain individuals who have completed 30 years of service and attained the age of 60, minimum annuities equal to one-half of the average compensation received by them during their five highest years of earnings; to the Committee on Interstate and Foreign Commerce.

By Mr. PRIEST:

H. R. 2423. A bill to amend the Railroad Retirement Act of 1937 to permit retirement with full annuity at age 60 after 30 years' service, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WILSON of Texas:

H. R. 2424. A bill to require that cases in which the Supreme Court has original jurisdiction be decided by the affirmative vote of at least five members of the Court; to the Committee on the Judiciary.

By Mr. BUCKLEY:

H. R. 2425. A bill to amend the act entitled "An act to provide better facilities for the enforcement of the customs and immigration laws," approved June 26, 1930, as amended; to the Committee on Public Works.

By Mr. BURNSIDE:

H. R. 2426. A bill to amend the Classification Act of 1949 to place the position of charwoman working part time in the appropriate grades of the crafts, protective, and custodial schedule; to the Committee on Post Office and Civil Service.

H. R. 2427. A bill to provide that the hours of work (exclusive of overtime) in any one calendar day of officers and employees subject to section 604 (a) of the Federal Employees Pay Act of 1945 shall be limited to a period of not more than 10 consecutive hours; to the Committee on Post Office and Civil Service.

By Mr. HOFFMAN of Michigan:

H. R. 2428. A bill to protect the public health and economic welfare of the States and the subdivisions thereof and of the people thereof; to the Committee on Education and Labor.

By Mr. HOWELL:

H. R. 2429. A bill to authorize the Commissioner of Education to bring to Washington, D. C., theater productions of land-grant and State and other accredited colleges and universities; to the Committee on Education and Labor.

By Mr. LANE:

H. R. 2430. A bill to abate the income-tax liability of members of the Armed Forces dying in service; to the Committee on Ways and Means.

By Mr. O'NEILL:

H. R. 2431. A bill to designate a certain grave at Valley Forge, Pa., as the Tomb of the Unknown Soldier of the American Revolution; to the Committee on House Administration.

By Mr. RAMSAY:

H. R. 2432. A bill to provide refunds of certain deposits made for the purpose of obtaining credit under the Civil Service Re-

tirement Act of May 29, 1930, as amended, for service in the Army, Navy, or Marine Corps, or Coast Guard; to the Committee on Post Office and Civil Service.

H. R. 2433. A bill to provide equitable compensation for Saturday, Sunday, holiday, and overtime duty in the Federal Government service; to the Committee on Post Office and Civil Service.

H. R. 2434. A bill to amend the Classification Act of 1949, with respect to its application to employees of the Panama Railroad Company or its successor; to the Committee on Post Office and Civil Service.

H. R. 2435. A bill to amend section 604 (b) of the Classification Act of 1949; to the Committee on Post Office and Civil Service.

By Mr. WEICHEL:

H. R. 2436. A bill to stop damage to certain industries and prevent lowering the standard of living of American workmen; to the Committee on Ways and Means.

By Mr. ALBERT:

H. R. 2437. A bill to extend the time for filing claims on behalf of certain persons, and for other purposes; to the Committee on the Judiciary.

By Mr. WINSTEAD:

H. R. 2438. A bill to repeal the Contract Settlement Act of 1944; to the Committee on the Judiciary.

H. R. 2439. A bill to amend the Internal Revenue Code to allow deduction of certain premiums paid for life and fire insurance in computing income tax; to the Committee on Ways and Means.

H. R. 2440. A bill to strengthen the national defense by making it possible for persons drafted under the Selective Service Act of 1948 (Public Law 759, 80th Cong., 2d sess.) as well as all other personnel to choose the type of units in which they serve; to the Committee on Armed Services.

H. R. 2441. A bill relating to the deportation of certain aliens who refuse to perform training and service in the Armed Forces of the United States; to the Committee on Armed Services.

H. R. 2442. A bill to provide for determination through judicial proceedings of claims for compensation on account of disability or death resulting from disease or injury incurred or aggravated in line of duty while serving in the active military or naval service, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. BRAMBLETT:

H. J. Res. 154. Joint resolution granting the consent of Congress to joinder of the United States in suits in the United States Supreme Court for adjudication of claims to waters of the Colorado River system available for use in the lower Colorado River Basin; to the Committee on the Judiciary.

By Mr. WINSTEAD:

H. J. Res. 155. Joint resolution proposing an amendment to the Constitution of the United States to provide for the filling of vacancies in the Senate and House of Representatives in the event of a major disaster; to the Committee on the Judiciary.

By Mrs. KELLY of New York:

H. Con. Res. 55. Concurrent resolution expressing the sense of the Congress that the legislative branch concurs with the executive leadership in the implementation of armed services; to the Committee on Armed Services.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BAKER:

H. R. 2443. A bill for the relief of the City of Harriman School District; to the Committee on the Judiciary.

H. R. 2444. A bill for the relief of James A. Vines; to the Committee on the Judiciary.

By Mr. BRAMBLETT:

H. R. 2445. A bill for the relief of Nella Norma Giorgi; to the Committee on the Judiciary.

By Mr. BUCKLEY:

H. R. 2446. A bill for the relief of Vitus Johannes De Vries and his wife, Antonie Paula Else De Vries; to the Committee on the Judiciary.

By Mr. FURCOLO:

H. R. 2447. A bill for the relief of George M. Sanger; to the Committee on the Judiciary.

By Mr. GORDON:

H. R. 2448. A bill for the relief of Jan Srodulski; to the Committee on the Judiciary.

H. R. 2449. A bill for the relief of Jadwiga Pulaska; to the Committee on the Judiciary.

By Mr. LANE:

H. R. 2450. A bill for the relief of Concetta Santagati Giordano; to the Committee on the Judiciary.

By Mr. LIND:

H. R. 2451. A bill for the relief of A. G. Crunkleton, trading as A. G. Crunkleton Electric Co., of Greencastle, Pa.; to the Committee on the Judiciary.

By Mr. NICHOLSON:

H. R. 2452. A bill for the relief of George W. Purdy; to the Committee on the Judiciary.

By Mr. O'NEILL:

H. R. 2453. A bill for the relief of John R. Harris; to the Committee on the Judiciary.

H. R. 2454. A bill for the relief of Margaret Vrabel; to the Committee on the Judiciary.

By Mr. RADWAN:

H. R. 2455. A bill for the relief of Mrs. Maryanna Boppel; to the Committee on the Judiciary.

By Mr. SCUDDER:

H. R. 2456. A bill for the relief of Adolpho Pinedo; to the Committee on the Judiciary.

H. R. 2457. A bill for the relief of Mohammed Akbar; to the Committee on the Judiciary.

By Mr. MANSFIELD:

H. R. 2458. A bill for the relief of Miss Claudia Mayer; to the Committee on the Judiciary.

By Mr. WINSTEAD:

H. R. 2459. A bill for the relief of Ollie O. Evans, Jr.; to the Committee on the Judiciary.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 7, 1951

The House met at 11 o'clock a. m.

Rev. E. W. Sauer, Fisher Methodist Church, Fisher, Ill., offered the following prayer:

At the very beginning, our Father, of this Lenten season, commemorative of the last days in the life of the One who was redemptive love, we pray for divine wisdom that we may so exercise the privileges of American citizenship that we shall do that which is acceptable unto Thee, remembering always that he best serves his country who best serves his God. This we ask in the name of the One who said, "I am come that they might have life and that they might have it more abundantly." Amen.

The Journal of the proceedings of yesterday was read and approved.

JOINT COMMITTEE ON THE ECONOMIC REPORT

The SPEAKER. Pursuant to the provisions of section 5, Public Law 304, Seventy-ninth Congress, the Chair appoints as members of the Joint Com-

mittee on the Economic Report the following Members on the part of the House: Messrs. HART, PATMAN, BUCHANAN, BOLLING, WOLCOTT, HERTER, and BOGGS of Delaware.

TRADE AGREEMENTS EXTENSION ACT OF 1951

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 1612) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

CALL OF THE HOUSE

Mr. REED of New York. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. PRIEST. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 11]

Abbitt	Gregory	Murray, Wis.
Addonizio	Hall	O'Brien, Mich.
Angell	Leonard W.	O'Konski
Aspinall	Harris	Passman
Baker	Hart	Patterson
Barden	Havener	Pickett
Bennett, Mich.	Heffernan	Powell
Blatnik	Hinshaw	Rabaut
Bonner	Hollifield	Redden
Bosone	Howell	Reed, Ill.
Bray	Johnson	Ribicoff
Breen	Jones, Ala.	Roosevelt
Brehm	Jones	Sabath
Buckley	Hamilton C.	Scott, Hardle
Case	Judd	Scudder
Celler	Kearns	Smith, Miss.
Cooper	Kee	Smith, Va.
Corbett	Kennedy	Spence
Coudert	Kilday	Staggers
Davis, Tenn.	Lanham	Steed
Dawson	Larcade	Taylor
Dempsey	McGregor	Trimble
Dingell	Mack, Wash.	Velde
Dondero	Magee	Vursell
Donovan	Mahon	Werdell
Elliott	Miller, Calif.	Withrow
Fine	Miller, N. Y.	Wood, Ga.
Fugate	Morgan	Wood, Idaho
Gathings	Moulder	
Gillette	Murphy	

The SPEAKER. On this roll call 347 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON RULES

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that House Resolution 95 be recommitted to the Committee on Rules.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

TRADE AGREEMENTS EXTENSION ACT OF 1951

The SPEAKER. The gentleman from North Carolina moves that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 1612.

The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 1612, with Mr. WALTER in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. General debate on the bill has been concluded. The Clerk will now read the bill for amendment.

The Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Trade Agreements Extension Act of 1951."

SEC. 2. The period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930, as amended and extended, is hereby extended for a further period of 3 years from June 12, 1951.

Mr. BYRNES of Wisconsin. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BYRNES of Wisconsin: After line 9, insert a new section, as follows:

"SEC. 3. As soon as practicable, but not more than 90 days after enactment of this act, the President shall take such action as is necessary to withdraw or prevent the application of reduced tariffs or other concessions (including the binding of an article on the free list) contained in any trade agreement heretofore or hereafter entered into under authority of section 350 of the Tariff Act of 1930, as amended and extended, to imports from the Union of Soviet Socialist Republics and to imports from any nation or area thereof which the President deems to be dominated or controlled by the foreign government or foreign organization controlling the world Communist movement."

Mr. MILLS. Mr. Chairman, I make a point of order against the amendment. As I understood the reading of the amendment, it is not germane to the bill presently before us, H. R. 1612. The purpose of the bill before us, and the sole purpose, is to extend the authority of the President to negotiate reciprocal trade agreements. The gentleman's amendment goes far beyond that purpose, and therefore is not germane to the bill.

Mr. BYRNES of Wisconsin. Mr. Chairman, the bill before us deals with the Trade Agreements Act. One of the purposes of the bill before us certainly, and its major purpose is to extend the authority of the President under the Trade Agreements Act. However, in keeping with that purpose and objective, the Congress has the authority and right to either limit or extend the trade agreements authority of the President. This amendment is directed to that objective. I do not think, Mr. Chairman, that the principle of germaneness would restrict us in this proceeding today to the single consideration of whether or not the authority of the President is to be extended in the negotiation of reciprocal trade agreements. I think it is certainly germane to either restrict or extend the authority of the President under the act. This amendment goes to the scope of the authority granted to the President.

Mr. MARTIN of Massachusetts. Mr. Chairman, I would like to be heard on the point of order.

The CHAIRMAN. The gentleman may proceed.